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NEWS SUMMARY

GENERAL

Egypt to buy 20 Mirage fighters

Egypt has agreed to buy 20 French Mirage 2000 combat aircraft in a deal worth $1bn (£523.6m). The agreement came at the end of French Defence Minister Charles Hernu's three-day visit to Cairo.

The French Government will finance the deal with a short-term loan at 9 per cent interest repayable in instalments from 1985. Back Page; Saudi pledge, Page 2

Pipeline blast

Iraq's efforts to increase oil exports suffered a serious setback when saboteurs blew up a pipeline carrying crude to the Lebanese port of Tripoli. Back Page

Terrorists freed

Four women held on terrorist charges escaped from Rovigo prison Italy after guerrillas blasted a hole in the prison wall. A passer-by was killed.

Floods hit North

Melting snow and heavy rain caused widespread flooding in Cumbria, Yorkshire and Gloucestershire. In Scotland, drifting snow blocked many roads. Page 4

Rail death crash

A British Rail workman was killed and nine others were injured when a goods train crashed into the rear of a stationary train near Northampton.

Son in hiding

Polish Deputy Premier Mieczyslaw Rakowski's son, reported to be seeking a new life in the West, went into hiding to escape publicity. Page 2

Bomb claims

Police were last night investigating claims that militant Welsh nationalists were responsible for the weekend bomb blast in Fleet Street, London.

Ghana appeal

Ghana's new military rulers told officials of the Government they overthrew on New Year's Eve to surrender to the police for their own safety. Page 2

Support for Foot

Labour leader Michael Foot is expected to win strong union backing this week in an attempt to end the party's internal squabbles. Page 4

Penlee cash

Philanthropist David Robinson, 74, was named as the man behind the charitable trust which has given £400,000 for a new Penlee lifeboat.

Army power bid

Bangladesh President set up a 10-member security council in an effort to accommodate army demands for a role in deciding national policy.

England ahead

England ended the third day of the fourth test in Calcutta 89 runs ahead of India. England: 248 and 49-1. India: 208.

Miller wins

Johnny Miller (U.S.) won golf's richest-ever first prize of $1m (£0.26m) in South Africa's Sun City Challenge, beating Seve Ballesteros (Spain) in a sudden-death play-off.

Briefly . . .

Taxi driver was shot dead in Spain's Basque country.

Mother and son died in a blaze at their Newcastle home.

Five left-wing guerrillas were executed in Iran.

BUSINESS

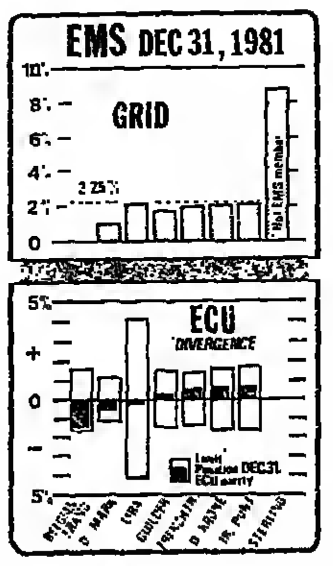
Miners' leaders urge vote for strike

● MINEWORKERS' union leaders today urge their 250,000 members to vote for a national strike over pay "if necessary." The union's newspaper says the Chancellor's recent economic package has destroyed the value of the NCB's £102m offer. Back Page

● BELGIAN franc fell quite sharply last week to finish the weakest member of the European Monetary System, but still within its official divergence limit.

The D-mark was the second weakest, behind the Italian lira, while the Irish punt was the strongest, ahead of the Danish krone and French franc.

After October's major realignment of the EMS and a devaluation of the lira in March the system showed little change from the end of 1980 when the French franc was the strongest curency, and the D-mark's weakness was the major factor of interest.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

● BANK OF ISRAEL'S new governor will be Dr Moshe Mandelbaum, deputy governor since September. Men and Matters Page 14

● UK ECONOMY has yet to climb out of recession, according to signs in today's FT Survey of Business Opinion. Back Page

● UK TRUCK INDUSTRY may never recover from the recession, says the forecasting group DRI Europe. Page 3

● MALAYSIA set up its first multinational trading agency, with authorised capital of Ringgit 110m (£26m). Page 2

● SASKATCHEWAN plans to double its potash mining capacity by 1989, making it the West's most important producer. Page 18

● UK CHEMICAL companies can expect output to grow more than 30 per cent in the 1980s, says Cambridge Econometrics. Page 3

● LONDON Enterprise Agency announced new services to help small businesses. Back Page

● PENSION FUNDS with investments in Associated Communications Corporation are seeking the Bank of England's advice on how to contest the group's £700,000-plus payout to former managing director Jack Gill. Page 4

● PRUDENTIAL CORPORATION said new annual premiums worldwide rose 13 per cent last year to £239.4m. Single premium jumped 26 per cent to £131.5m. Page 16

● BEATRICE FOODS of the U.S. lifted net earnings from $233.5m to $298.6m for the first nine months of 1981-82. Page 18

CONTENTS

Improved Ford offer may avert strike called for tomorrow

BY IVO DAWNAY, LABOUR STAFF

NEGOTIATORS for Ford's 54,000 manual workers are to meet today to discuss an improved management offer, raising hopes that the all-out strike threatened to begin tomorrow will be called off.

The offer was made at the weekend in talks between Mr Paul Roots, Ford's industrial relations director, and Mr Ron Todd, chief negotiator for the company's 13 manual unions.

It is believed Ford has agreed to bring forward the introduction of a 39-hour working week from November to June 1, and to introduce increased pensions in line with white-collar workers by August 1 instead of waiting for the findings of a working party to report for next year's wage round.

Pensions and a shorter working week have remained the principal outstanding issues between the two sides, which have broadly agreed on a 7.4 per cent pay increase and the terms for the introduction of an efficiency programme.

The unions' 56-strong negotiating committee will meet in London this morning to decide whether to call for a plant-wide vote on the offer. The committee will also consider whether Ford's improved package merits a recommendation for acceptance.

If a vote is called, the pending strike action will be suspended to allow mass meetings to be held tomorrow with shop stewards reporting back to their unions on Wednesday and Thursday.

Neither side has indicated what outcome is expected from today's meeting, though provision has been made for mass meetings to take place tomorrow.

However, Mr Todd acknowledged last night that the unions had agreed to reconvene before the strike went ahead only if the company offered "significant improvements."

"The fact that I have asked the trade union side together must indicate that there are some areas that must be seriously considered," he said.

Ford also confirmed that there had been improvements, although declining to comment on its hopes for a settlement. "We believe this is a good package by any standards, and we are hoping that those who have so far opposed a deal will think again," the company said.

Talks held at the London offices of the Advisory, Conciliation and Arbitration Service last month broke down amid bitter recriminations from both sides. The union said that Ford's improvements to bring forward the shorter working week and to look into pensions were merely token gestures.

Ford countered by warning that it was prepared to sit out a long strike if it failed to win a more favourable and conciliatory response from the unions.

The long hard road to industrial harmony, Page 9

Alliance by-election hopes hit by dispute over share-out of seats

BY MARGARET VAN HATTEM, POLITICAL STAFF

HOSTILITY between Liberals and Social Democrats, which erupted into a full scale row at the weekend, threatens the alliance's chance of success in a promising parliamentary by-election.

Mr William Rodgers, who as chief SDP negotiator, has broken off discussions with the Liberals on the share-out of seats for the next general election, yesterday came under strong attack from leading Liberal MPs. Meanwhile, the death of Sir Thomas Galbraith, the Conservative MP for Glasgow Hillside, has prompted speculation that Mr Roy Jenkins may contest the seat.

If the Conservatives decide to exploit the current tensions in the alliance and call an early by-election Mr Jenkins's chances could be seriously damaged.

The other Social Democratic leaders have rallied round Mr Rodgers and fully support his move.

They resent what they see as Liberal attempts to renege on agreed guidelines for sharing out seats, both in general and in two particular instances. These are the Liberal refusal to support Dr Dickson Mabon in Greenock and Port Glasgow, and the alleged Liberal refusal to honour an agreement over Derbyshire seats.

The Social Democrats are trying to force Mr David Steel, the Liberal leader, to impose unprecedented discipline.

"It is my belief," Mr Rodgers said yesterday, "that the Liberal leader is not exerting sufficient authority. Politics consists of leadership and politics consists of agreements, once reached, properly carried out.

"David Steel agrees — the question is whether David Steel is prepared to put his full weight behind it, and bring recalcitrant Liberals into line."

Social Democrats hope the dispute will be resolved when Mr Rodgers and Mr Steel meet early this week. Senior Liberal MPs were in trenchant mood yesterday, however. Mr Cyril Smith accused Mr Rodgers of "acting like an overgrown

Continued on Back Page

Unions likely to back Foot, Page 4

Men & Matters, Page 14

CHANCELLOR'S NEW YEAR MESSAGE

Signs that the clouds are lifting

THIS TIME last year, I dared to predict that 1981 would see British industry more than holding its own. That modest prophecy (and when Chancellors turn to prophecy, modesty is the better part of valour) has, I believe, been well vindicated.

The sad harsh tide of unemployment has continued to advance, here as elsewhere. That it has risen so much higher here than in some of our more successful neighbours is testimony to past follies, and the ingrained bad habits which those follies helped create. But whereas elsewhere it is continuing to accelerate, at least in Britain the pace is slackening.

And in other respects the evidence of better times in store is beginning to accumulate. Notwithstanding the enormous losses in our international competitiveness in the previous five years, export deliveries have held up well this year.

The combination of some fall in the exchange rate and a much more moderate level of pay settlements enabled us in 1981 to recoup some of the ground we had lost. Partly as a consequence, manufacturing output began to recover from its low point in the spring, and the last two quarters produced a real and worthwhile upturn. Short-time working was down by a full three-quarters. Overtime and notified vacancies are now rising.

Looking forward to 1982 the path ahead is still beset with hazards. Output in the main industrial countries remains depressed, and only a moderate recovery is likely next year. The levels of public borrowing in many countries continue to pose a threat to interest rates; and (as our experience last summer showed) neither we nor any other advanced industrial economy can stand out for very long against the trend.

At home the progress towards greater sense in wage bargaining is still fragile, and if bargainers put a higher value on machismo than on the job security of those for whom they negotiate, both numbers on the payroll and services to the community are liable to suffer, as they have already done far too much.

Yet the clouds clearly are lifting. Across the world the battle against inflation is being won, following the striking and unusual unanimity of governmental response to the second oil "shock." The cost of essential commodity imports seems *more likely to help than to* hinder the attainment of our domestic price objectives.

The Industry Act Forecast (and like the long-range weather forecasts of yore, the messages we obtain from our various "models" need to be treated with the respect they deserve, but no more than that) predicts a continuing growth in output over the next 12 months, most notably from the manufacturing sector.

The recent CBI surveys suggest a marked increase in our export order books. And the profitability of private industry and commerce is showing signs of sharp improvement from the disastrous level to which it fell in the wake of the wage-cost explosion at the end of the 1970s. I single this out as the most encouraging development of all, for better profits are the precondition for renewed investment and secure jobs in the future.

I can assure the readers of the Financial Times that the actions of government over the next 12 months will be designed to give the maximum scope for this recovery to continue and gain momentum. In the end, though, it is not government, but the behaviour of the thousands of businesses large and small, those which feature on the page of this paper and the many thousands more which don't, that will decide the shape and progress of our recovery.

If we go back to the bad old ways of rigid demarcation lines and pay settlements which we cannot hope to afford, we shall only renew the recession and extinguish the hopes of those who long to work once more.

If instead we build on the progress won over the past two years, maintaining the advance in productivity and continuing the downward trend in pay bargaining, training up and tackling the markets of the world like our merchant adventurers of old, then 1982 will be a year to satisfy the hopes of the most optimistic among us.

With your help, I believe it will.

GEOFFREY HOWE

Call for common industrial policy

A COMMON European industrial policy is "desperately needed," according to Dr Wisse Dekker chairman of Philips, one of Europe's leading electronics companies.

Interviewed for the Financial Times' "Forecasts 1982" (published on pages 12 and 13) Dr Dekker criticised the trade barriers which protected much of the European electronics industry. These barriers were only supporting a weak and fragmented industry which would never be able to withstand tough international competition.

"With only a few companies large enough to afford the [illegible] needed to develop new products, a combination of forces is the only answer," Dr Dekker said.

Action to reduce capacity in the European steel industry is called for by Mr Ian MacGregor, chairman of British Steel.

Mr MacGregor said EEC production controls were likely to be renewed "for some time to come," but normal market conditions would eventually have to be restored.

"This means other EEC steel producers have to reduce capacity as BSC has done," said Mr MacGregor. "It would be good to see some action soon. I believe the acid test will be what happens in Belgium."

Ulster economic package this week

By Margaret Van Hattem

A MAJOR three-year housing programme, a large construction project and a youth employment programme are among the key elements of an economic package for Northern Ireland which Mr James Prior, the Northern Ireland Secretary, plans to announce on Wednesday.

The package, the first for the province since the Government took office in May 1979, is intended to create jobs quickly and to rally support for a political initiative centred on a newly elected assembly within six months.

Top priority is being given to housing. For the first time, the Cabinet has approved funds over three years, which will increase housing starts.

This is expected to pre-empt any Treasury pressure for spending cuts of the type which cut heavily into Northern Ireland housing and social services programmes in autumn 1980.

The youth employment programme is expected to be significantly more generous than in the rest of the UK. Young people will receive £25 a week instead of the £15 allowance on the mainland. The emphasis will be on training and further education, rather than work experience on the employers' premises.

Mr Prior is expected to emphasise the extent to which he was influenced by the Northern Ireland politicians who accepted his invitation to talks on the Ulster economy. Although the Official Unionist Party (OUP), led by Mr James Molyneaux, and the Democratic Unionists (DUP), led by the Rev Ian Paisley, boycotted the talks, the five politicians who did attend appear to have been unanimous in asking that housing should be given top priority.

The Government hopes that this evidence of the scope for local politicians to influence Government policy, together with the package itself, will give impetus to devolution talks.

Mr Prior is due to meet leaders of all the main parties except the DUP next week, and is expected to unveil his political initiative next month.

The Government appears to be aiming for a compromise between the OUP, which is pressing for majority rule with a role for the Catholic minority in legislative committees, and the Social Democratic and Labour Party, which insists on a voice at ministerial level.

One option being considered is an American style Executive rather than a Westminster style Cabinet.

EEC attempts to heal split over line on Poland

BY JOHN WYLES IN BRUSSELS

EUROPEAN COMMUNITY Foreign Ministers will try today to reconcile their differences over how to react to events in Poland but will stop short of sanctions against the Soviet Union similar to those announced by President Reagan last week.

In one of their most sensitive discussions for many years, the ministers will have two major main objectives:

● To convince the Polish military Government that it will inevitably face European reprisals if it does not relax its crackdown on Solidarity and seek agreement on internal reforms with trade union and Church leaders.

● To convince the U.S. Government and public opinion of Europe's intention to defend human rights in Poland.

The U.S. must accept, however, that the Europeans do not agree that the Soviet Union should be the target for sanctions at present, since Moscow's direct responsibility for the Polish crackdown cannot be established.

Most Ministers are arriving in Brussels depressed by the disarray in the Community. Many believe it was unnecessarily provoked by President Reagan's sanctions decision.

They do not understand the President's haste though one explanation in EEC capitals is that Mr Reagan's move was precipitated by anger over a letter to him from Mr Leonid Brezhnev, the Soviet leader.

The UK and France appear ready to offer assurances that U.S. sanctions will not be undermined by the Europeans. But the Ten want more detailed information. If the U.S. policy threatens the new Soviet gas pipeline to Western Europe, it is feared that West German opposition could rule out any assurances to the U.S.

Bonn remains the strongest advocate of a graduated response to the Polish crisis. Although opinion there is showing signs of hardening, the Germans are still arguing that Warsaw should be allowed more time to fulfil its assurances that reforms would be continued and trade union rights re-established.

Chancellor Helmut Schmidt will try to persuade Mr Reagan of the virtues of this approach tomorrow when he leaves his Florida holiday resort for a White House meeting. He will be joined by Herr Hans Dietrich Genscher, the West German Foreign Minister, who will fly directly to Washington after today's Brussels meeting.

These discussions in Brussels and Washington could be vital in determining the outcome of a meeting of Nato Foreign Ministers which is likely to take place next week. Both sides of the Atlantic are anxious to close ranks, but it is by no means clear that the U.S. desire for concerted action can be satisfied.

Within the EEC, the UK, with some support from Italy, is most anxious to heal the breach with the Americans by pressuring Moscow and Warsaw. France's position is not yet clear, but today's meeting may be unable to go further than warning Poland that Europe's patience is running out, and that the time has come for a change of policy.

More broadly, some Ministers may see the Conference on Security and Co-operation in Europe as the possible forum for joint action with the U.S. The conference, due to resume in February, deals with most aspects of East-West relations as they affect Europe. However, not all member states are attracted by the U.S. idea of calling a special session of the conference to arraign the Polish Government for breaching the Helsinki Final Act on human rights.

It is widely thought that the Poles and the Russians would prevent the conference taking place and that this could destroy the modest achievements registered in Madrid

Editorial comment, Page 14
Polish crisis, Page 2

Rail overtime ban begins

BY IVO DAWNAY, LABOUR STAFF

TRAIN DRIVERS begin a national ban on overtime and rest day working today amid criticism from the leader of the largest rail union that they failed to respond urgently to a call for talks to end the all-out strike threatened on January 14 and 15.

British Rail warned last night that Southern region services would be worst affected by the ban, with up to 500 trains a day—10 per cent of the total—facing cancellation or delays.

The greatest disruption would be caused to inner London suburban services, particularly to Victoria and London Bridge.

The impact elsewhere would

Continued on Back Page

Israel reacts coolly to Saudi recognition pledge

BY DAVID LENNON IN TEL AVIV

ISRAEL reacted coolly yesterday to a Sandi Arabian statement thst Riyadh would be willing to recognise Israel if it withdrew from the Arab territory captured in 1967 and recognised the rights of the Palestinians.

This explicit Saudi undertaking was given by Prince Saud al-Feisal, the Foreign Minister, in an interview with the New York Times. It is the first time that a member of the Saudi ruling family has stated publicly that his country would recognise Israel's right to exist.

The Israelis refrained from any official reaction but in private it was stated that there was nothing in Prince Feisal's interview to change Israel's total rejection of the peace proposals made in August by Crown Prince Fahd.

The seventh of Crown Prince Fahd's eight proposals spoke of recognising the right of all states in the area to exist, but the Israelis have refused to believe that this included Israel.

Mr Menahem Begin, the Prime Minisler, totally rejected the Fahd propossls as designed to bring about the destruction of Israel in stages. He later criticised Washington for expressing support for the Saudi initiative.

Officials said privately last night that Israel was willing to discuss peace with any Arab state, including Saudi Arabia, but this must he without any prior conditions such aa those contained in the Saudi plan.

Prince Saud insisted du[illegible] his interview that the S[illegible] eight-point plan was still [illegible] despite its cool recepti[illegible] by more radical Arabs a[illegible] the collapse of the Arab [illegible]summit meeting in Morocco [illegible] the end of November.

The Saudi For[illegible]n Minister said he hoped th[illegible] Arab Heads of State would [illegible]eet again in three or four [illegible]onths and that they would t[illegible]n agree a joint position bas[illegible] on the plan.

But he s[illegible]d it was essential for there [illegible] be a change in U.S. Middle [illegible]st policy. The U.S. had to [illegible]ee that Saudi Arabia wante[illegible] peace bnt if its policies were not adapted to soften Isr[illegible] intransigence then "all di[illegible]ctions will lead to conflict [illegible] the region."

Malaysia urges unity against oil giants

Malaysia's Prime Minister, Dr Mahatir Mohamad, has called on the five-member Association of South-East Asian Nations (Asean) to join forces to break the monopoly of multinational oil companies in the region, Kathryn Davies reports from Singapore. Speaking at the end of a three-day private visit to Singapore, Dr Mahatir said that while individual Asean members—Malaysia, Singapore, Thailand, Indonesia and the Philippines—could not compete with the multinationals, it would be possible together to overcome their domination of the region's oil industy.

Dacca forces' role

Bangladesh's armed forces have strengthened their position with the setting np o fa National Secnrity Council with wide powers, Kevin Rafferty reports from Delhi. Three service chiefs will sit on the council in Dacca with President Abdus Sattar, the Vice-President and the Ministers of Indnstries, Home Affairs and Finance.

Lieutenant-General H. M. Ershad, the army chief, declared at the time of the Presidential election in November that the armed forces should be given a constitutional say in the running of the conntry.

Singapore restrictions

Thousands of foreign workers in Singapore on temporary work permits will have to leave by the end of 1984 as part of a Government plan to build np a wbolly local labour force in the next 10 years, Renter reports from Singapore.

Mr Lee Kuan Yew, the Prime Minister, said only foreign workers employed in constrnction and sbipbuilding would be allowed to carry on until the end of the decade.

Korean reshuffle

President Chun Doo-Hwan of South Korea resbnffled his Cabinet yesterday "to deal with economic tasks more effectively." Reuter reports from Seoul. The Prime Minister, Mr Nam Dnck-Woo, was replaced by the president of the Korean Traders' Association, Mr Yoo Chang-Soon.

Poland purges 'corrupt officials'

BY OUR FOREIGN STAFF

POLAND'S military rulers have purged about 90 allegedly corrupt and incompetent senior officials since they seized power last month, according to Warsaw Radio.

The sackings, which included provincial governors and mayors, seem designed to persuade Poles that Gen Wojciech Jaruzelski's new administration is moving even-handedly against discredited Communist Party and establishment figures as well as the suspended Solidarity trade union.

The broadcast also claimed that about 5,000 union workers were still detained, althougo uncensored claims reaching the West put the figure as much as four times greater.

Official, censored reports in the Polish media continued over the weekend to give the impression that normality was being restored.

Some 2,000 workers were said to have turned up on New Year's Day to prepare the Lenin Shipyard at Gdansk for resumption of work today. The suggestion was that all resistance had ended.

Katowice, scene of a rebellion among miners, was also reported calm. The curfew in the northern Szczecin Province has been shortened because of "increasing stability and public security, newspapers claimed."

Just before the weekend, however, local Communist Party officials described the situation in and around Gdansk and Szczecin as "still difficult."

Warsaw Radio also said that all Polisn mines were working at full capacity and that in several areas more pit workers than could be employed turned up for work on Saturday.

The Wujek mine, near Katwice, where seven strikers were killed last month when the militia moved in, was said to be nearing peak output again.

Warsaw television reported that five leaders of a steel workers' strike in Katowice had been fined and jailed for up to seven years.

The whereabouts and condition of Mr Lech Walesa,

CRISIS IN POLAND

the Solidarity leader, remain unknown.

Unconfirmed reports reaching the West at the weekend, however, said that he was being held near the Interior Ministry in Warsaw and that he was insisting that he would not negotiate with the military unless the talks were held on neutral ground.

He was also said to be standing by his demand that the talks should include all the me[illegible] of the union's ruling praesi[illegible]

The union, meanwhile, i[illegible] to be slowly reorganising fi[illegible]ing the takeover in which [illegible] of its best-known leaders [illegible] swept up in the mi[illegible] security net.

There are reports of a[illegible] creasing flow of undergr[illegible] Solidarity leaflets urging pa[illegible] resistance.

The establishment fi[illegible] sacked in the Government [illegible] include senior officials fro[illegible] of the country's 49 prov[illegible] Officials expelled from the [illegible]munist Party include man[illegible] of agricultural co-oper[illegible] accused of failing to pr[illegible] enough food.

Following reports that in[illegible]gations were almost com[illegible] into alleged abuse of pow[illegible] former Party leader, Mr Ed[illegible] Gierek, the radio announce[illegible] the weekend that one o[illegible] close associates, Mr M[illegible] Szczepanski, former state [illegible] and television chief, woul[illegible] on trial tomorrow.

He has been accused of p[illegible]ing illegally from his posi[illegible]

Rakowski's son goes into hiding

WIESBADEN — Mr Artur Rakowski, 25, son of the Polish Deputy Prime Minister, Mr Mieczyslaw Rakowski, has gone into hiding in an apparent attempt to escape publicity after being reported to be seeking a new life in the West, police said yesterday.

Mr Artur Rakowski, his wife Anna, 22, and son Adam, two, had left the small Wiesbaden hotel in which he bad lived for the past four months since leaving Poland, tbey added.

His decision to leave the hotel bad been apparently prompted by a desire for privacy after reporters found him there.

He was quoted in West German and foreign newspapers as saying he had applied for political asylum in West Germany a month ago, and was hoping to emigrate to Australia. He had not seen his father since leaving Poland.

Mr Rakowski did not get in toucb with his father, wbo visited Bonn for little more than a day last week to brief West German Foreign Minister Herr Hans-Dietrich Genscher, on the situation in Poland Reuter

Pravda discounts U.S. sanctio[illegible]

BY OUR MOSCOW CORRESPONDENT

THE SOVIET Union indicated cautiously yesterday that it expects little West European support for U.S. economic sanctions against itself and the Polish Government.

The signal came in a commentary in Pravda, the official Communist Party newspaper, on the eve of a meeting of Common Market Foreign Ministers called to discuss the sanctions.

The paper suggested that there was great reluctance among the Ten to follow Washington's hard line.

"The West European allies are not, for the moment, hurrying to align themselves with the discriminatory measures of the Atlantic 'hawks'," Pravda said.

Analysts saw the comment as suggesting confidence by Moscow that there would not be full endorsement by the EEC of the sanctions, which include a ban on high technology exports and suspension of talks on new grain and shipping agreements.

It suggested in particular that there was little fear by Moscow over the future of the Soviet-European multi-million pound Siberian gas deal which involves particularly West Germany, Italy and France. Shipments of U.S. pipeline equipment are affected by the Reagan sanctions.

Moscow has portrayed the U.S. sanctions against Poland as a gesture of anger by the Reagan Administration that a "counter-revolutionary" coup had not taken place there.

But it has been relatively reserved over the sanc[illegible] announced against i[illegible] apparently waiting for Wasl[illegible]ton's allies to take up [illegible] positions on the issue.

The divisions that emerge[illegible] the ranks of the Western a[illegible] in the wake of the Afghani[illegible] related aanctions in 1980 [illegible]vided Moscow with n[illegible] propaganda ammunition.

The Soviet Press yeste[illegible] kept up a barrage of cha[illegible] against the U.S. Administra[illegible] over Poland. Pravda acc[illegible] the Central Intelligence Age[illegible] and other Western int[illegible]gence organisations of supp[illegible]ing forces in Poland that [illegible] been on the verge of unle[illegible]ing "fratricidal slaught[illegible] when authorities had impo[illegible] martial law.

Warsaw devalues the zloty

WARSAW (censored) — Poland has announced a major devaluation of its currency, the zloty.

New Polish National Bank exchange rates published by teb Communist Party newspaper Trybuna Lndu on Saturday said that one U.S. dollar would now have an official rate of 80 zloties instead of the former rate of 34.5 zloties.

The pound will now be worth 153.49 zloties on the official rate, instead of 65.62 zloties.

The devaluation follow[illegible] an announcement by t[illegible] State Price Commission tw[illegible] days ago which said th[illegible] Government was proposi[illegible] sharp increases in the pri[illegible] of food, fuel and electricity. Reuter

Egypt's new deputy PM named

By Anthony McDermott in Cairo

EGYPT'S Prime Minister-designate, Dr Fuad Moheiddin, has nominated Mr Mohammed Abdel-Fattah Ibrahim, governor of the Central Bank of Egypt, for the key position of deputy Prime Minister for economic affairs, the official Middle East News Agency said yesterday.

Observers were surprised by the nomination which was expected to be officially confirmed later.

This first Cabinet reshuffle since President Husni Mubarek succeeded the late Anwar Sadat last October, is expected to be partial, centring on the Economic Ministry.

It was expected that the man named to succeed Dr Abdel-Razzaq Abdel-Meguid, the previous deputy premier with overall charge of the economy, would have been well-known.

Since he came to power, Mr Mubarek has consistently made clear that after internal security the economy is the main priority.

Mr Ibrahim was formerly Minister of Social Insnrance, but be had to retire because of ill-health. He has been governor of the central bank for the past six years, but has been known to have been wanting to retire from that post also.

Ghana coup leaders order officials to surrender

BY MARK WEBSTER

THE LEADERS of Ghana's New Year's Eve coup warned seoior members of the overthrown civilian Government yesterday that their safety would not be guaranteed if they did not report to an army base outside the capital, Accra.

The warning indicates that many members of the overthrown Government have gone into hiding. The order to report to the base, at Burma Camp, is an ominous reminder of the last coup led by Flt-Lt Jerry Rawlings in June 1979. The base was then used as a prison where eight senior military personnel were kept until their execution.

News from Ghana is still limited to broadcasts on Radio Accra and it is not clear to what extent Flt-Lt Rawlinga and his supporters control the country. But in a broadcast on Saturday Flt-Lt Rawlings said be had suspended the constitution, dismissed the civilian Government and hanned political parties.

The 34-year-old leader of the coup also launched a bitter personal attack on the civilian Government of President Hilla Limann who is reported to be under house arrest at the presidential administrative offices in Accra.

Accra is reported to be quiet despite earlier reports that some army units from the second largest city, Kumasi, were preparing to challenge Rawlings.

Flt-Lt Rawlings' main criticism of the civilian Government was that it had allowed corruption to run riot and bad not taken care of the economy. "They bave turned our hospitals into graveyards and our clinics into death transit camps where men, women and children die daily because of lack of drugs and basic equipment," be said in his broadcast.

He described the Limann Administration as "the most disgraceful Government in the history of this country."

His assurances that Ghana's business community should "entertain no fears" and that bis provisional National Defence Council will adopt measures "to develop a self-sustaining and disciplined economy" are unlikely to give much comfort to the business community wbich remembers the ravages of the armed forces during Rawlings's last coup.

The problem the coup leaders are likely to face, as they did in June 1979, is that of a totally undisciplined and demoralised army which speot more time terrorising the populace than defending it.

WORLD TRADE NEWS

Malaysia sets up first multinational trading company

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S first multinational trading agency has come into being following signature of a Government-approved agreement by four of the South-east Asian nation's largest corporations.

The new agency, patterned after the Sogo-Shoshas, Japan's giant trading houses, is to be called Nastra, and will have an authorised capital of Ringgit 110m (£26m).

Nastra becomes the first of what Malaysia hopes will be a nucleus of four or five trading bouses. Among those envisaged are the Malaysia International Trading Company and Multipurpose Holdings, and talks are going on among major Malaysian companies to effectively turn these into trading agencies.

The initiative of forming Japanese-type trading houses came from Dr Mahathir Mohamed, the Prime Minister, who is impressed with the role of such trading houses, as Mitsui, Marubeni and C. Itoh, in helping Japan grow as a world industrial and trading power.

Two of the four corporations taking part in the Nastra venture are Petronas, the national oil company and Felda, the government's land development authority, owner of more than 1m acres of plantations and biggest producer of rubber and palm oil.

The other two partners are Malayaia Mining Corporation, world's biggest tin miniog group, owning 38 of 54 tin dredges in Malaysia, and Kuok Brothers, a prominent Malaysian Cbinese family group, wbose interests range from ship building, hotels and property, and whicb dominates the sugar trade in Southeast Asia.

China adjusts tariffs

PEKING — China is raising import dnties on mschinery and equipment it manufactures and reducing tariffs on some material for light industry, the official Xinbna newa agency reports.

The changes which became effective on January 1 are for 149 tariff itema, 16 per cent of the total, it said.

The duty will be reduced on imported rubber, timber, timber products, leather, pulp, paper, raw material for the energy industry some machinery and equipmeot, parts and accessories for light industry, and textile manufacturing. AP-DJ

WORLD ECONOMIC INDICATORS

UNEMPLOYMENT

		Dec. '81	Nov. '81	Oct. '81	Dec. '80
UK	000s	2,940.7	2,953.3	2,988.6	2,244.2
	%	12.2	12.2	12.4	9.3
		Nov. '81	Oct. '81	Sept. '81	Nov. '80
W. Germany	000s	1,490.0	1,365.9	1,256.4	967.5
	%	5.7	5.2	4.8	3.7
France	000s	2,016.2	2,001.9	1,912.1	1,613.0
	%	8.9	8.8	8.4	7.1
Italy	000s	2,112.4	2,119.3	2,015.6	1,816.1
	%	9.5	9.5	9.1	8.2
Netherlands	000s	443.2	427.2	413.1	296.7
	%	8.5	8.2	7.9	5.7
Belgium	000s	518.4	516.7	519.4	425.3
	%	12.8	12.7	12.8	10.5
U.S.	000s	9,400.0	8,520.0	7,966.0	7,946.0
	%	8.4	8.0	7.5	7.5
		Oct. '81	Sept. '81	Aug. '81	Oct. '80
Japan	000s	1,220.0	1,200.0	1,150.0	1,130.0
	%	2.1	2.1	2.0	2.0

Source (except U.S., UK and Japan): Eurostats

BRITISH CONSULTANCY OVERSEAS

Coal expertise boosts foreign business

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE UK's consultancy sector is outstanding, said Mr John Biffen, the Trade Secretary. In 1980 its invisible exports were worth £900m. A tiny part of that sector is Coal Processing Consultants (CPC), whose strength is the knowledge of exploiting a traditional British energy resource.

CPC is a hybrid company. It has been set np to briog together the coal skills of the private and public sectors. On one band there is the National Coal Board, the biggest coal producer in Europe, and on the other are Babcock International, the engineering group, and British Petroleum, one of the Seven Sisters of the international oil industry.

"Our marketing strength is the name of our parents," said Mr Gerard Grey, the CPC marketing director.

But, added Mr Bill Fribbance, the company secretary, "we offer independent advice, because we're not looking for downstream activity for ourselves."

For all that, the employment of CPC by an overseas client—or the employment of any other British consultant for that matter — can lead to manufacturing work for British industry.

"When we have a successful consultancy, it opens the door for UK manufacturers," notcd Mr Fribbance. "If the preferred coosultant is British, the preferred manufacturers will be British. That tends to be the case. The specifications written would be British."

But in the coal industry, CPC is only just beginning to spread its wings. With a permanent staff of 15 or 16 and drawing in expertise from its parent companies, it is offering to supply technology for dealing with coal "in any aspect from the time it reaches the surface," as Mr Grey put it.

Since the formation of the original company by the NCB and Wooddall-Duckham, now absorbed into Babcock, in 1976—BP joined later—58 orders have been won with a value of £1.2m. The target over the next 18 months is to generate £1.1m of business.

Although, CPC draws on an array of resources, its main competition is formidable and varied. The big process contractors like Bechtel or Brown and Root are sometimes prepared to do a atudy of a particular problem, which is cbeap to the client, in the hope of winning the plant business later. And there are a host of independent consultants, often retired experts, who work in a narrow field.

This bas meant that CPC bas to go out and search for business, a contrast with its early days. Then, the energy crisis bad set off renewed interest in how to use coal, so that the company started off with high vigour on the basis of inquiries for the techuology at its command.

It had an initial large contract with Nova Scotia Power in Canada, which is still running. This led to the establishment of offices in both Canada and the U.S., where CPC has done work for oil companies like Texaco, Sun Oil and Mobil especially in the anti-pollution area.

In all CPC has worked in 12 countries from Hungary to Colombia and from Australia to Zimbabwe. But the initial burst of activity tapered off. Only now is business beginning to pick up again.

This results from a change in marketing strategy. "I came into this organisation in a commercial role," explained Mr Grey, once with BP Shipping. "My logic was that we bad not

done a great deal of work in Northwest Europe whicb bas a higb energy requirement satisfied by imported oil." So that area became the first target.

But it was not a target which could be hit with regularity. The area haa been in recession: there bas not been much inclination to engage in the capital spending involved with a shift from oil to coal usage. And then CPC hit the basic problem that the area does not have the facilities to take in large quantities of imported coal.

So CPC had to widen its effort. It looked at two different types of countries. First there are those in southern Europe where some countries had access to finance from international institutions as they looked for options to reduce balance of payments difficulties caused by high oil prices.

Second CPC looked at countries ricb in resources. Thus it sought orders in Australia, winning for example a contract with Kembla Coal and Coke to provide technology on the best means of utilising the gas released in longwall mining.

CPC likes to sign collaboration agreements with companies or institutions. These clearly put the relationship on a more permanent footing than a simple consultancy contract. It has had some success in this area.

It has an agreement with the research establishment at Studsvik, near Stockholm. Studsvik needed coal technology, at least in part, because of the anti-nuclear sentiment in Sweden. So CPC was able to arrange a joint marketing venture. "They act—we supply the technology on their behalf," said Mr Grey.

In Italy, CPC has reached agreement with Tecnit, which will make CPC services available in that country. And the company is talking about similar ventures in Spain and Australia, while investigating the possibilties in Greece.

Japanese watch sales rise but value falls

TOKYO — Reflecting strong demand from deve[illegible]ing nations, Japan's exp[illegible] of mechanical watches [illegible] expected to reach 37.2m u[illegible] for 1981, ahead 12.3 per [illegible] over the previous year. In value, they will be d[illegible] 0.5 per cent at Y81.[illegible] (198m) said the Japan C[illegible] and Watch Association.

Provisional figures for the year show a rise in vol[illegible] and value of analogue qu[illegible] watch sales, reaching 27.[illegible] units, up 69.2 per cent, Y203.6bn, ahead 70.2 per c[illegible] respectively.

But digital quartz watches have fallen either in vol[illegible] and value, amounting [illegible] 18.96 units, up only 0.7 [illegible] cent, and Y77.1bn, off 8.9 [illegible] cent.

Meanwhile, clocks will be h[illegible] both in volume and va[illegible] reaching 37.4m units, ah[illegible] 8.7 per cent and Y55.4bn, 20.3 per cent due to a [illegible] in prices and exports [illegible] finished products.

The association also sees [illegible] full output of watches [illegible] 1981 to reach 106.2m u[illegible] up 20.8 per cent over 1[illegible] but in value would be up only 8.3 per cent to Y415.[illegible] Agencies.

Swiss industry outlook poor

BY JOHN WICKS IN ZURICH

PROSPECTS for the Swiss engineering industry in 1982 are "not good," according to Herr Artur Frauenfelder, deputy chairman of Sulzer Brothers. Writing in an annual survey published by Credit Suisse, he points to the present state of the markets in industrialised countries and the unsatisfactory forecasts for the future.

At the same time, there was a considerable rise in the Swiss franc exchange rate in recent months aa well as acceleration of inflation in Switzerland. This was seen as hindering the necessary adjustment of sales prices with a corresponding effect on profits.

For 1981, Herr Frauenfelder says business was generally satisfactory, with foreign orders above what many companies had been expecting, but corporate earnings were not satisfactory, uncertainty as to the economy tending to prevent an improvement in sales prices.

The Swiss metals and machine-building industries together account for almost half of total merchandise exports. Engineering products also make up over one-third of all Swiss import value. Foreign demand and foreign competition within the industry are, therefore, of great importance for the development of the country's overall trade balance.

Seychelles tourism rebounds sharply

VICTORIA — The Seychelles tourist industry, mainstay of its economy, has made an unexpectedly rapid recovery after the aborted coup of November 25, a Government Minister said.

Tourism fell more than 50 per cent following the airport gun battle with invading mercenaries. Economic Planning Minister, Mr Maxime Ferrari, said, and "most of December was a disaster."

However, in tbe last week all hotels had been full and the Government now thought it unlikely tourism would sustain the $20m loss it had originally estimated.

Repairs at the international airport, where battle damage waa $2m, were almost complete, be said, adding that the EEC, West Germany and Sweden had agreed to contribnte towards paying for the repairs there. Reuter

SHIPPING REPORT

Markets show little sign of improvement in rates

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SHIPPING MARKETS began the New Year with little bope of any marked improvement in rates, which have been depressed for some time in both the tanker and dry-cargo sectors.

Tanker-chartering activity has remained slack, while indications on the dry-cargo side are that business is likely to continue dull for some time.

According to E. A. Gibson, shipbrokers, some 24m dwt of tankers were laid-up in mid-December, slighlly more than in the previous month.

Of this, over 16.5m tonnes was in the VLCC (Very Large Crude Carrier) category of more tban 200,000 dwt, representing 62 ships. Gibson expressed surprise that the total laid-up figure had not risen by more than 1m dwt from the mid-November level.

"One can only conclude that owners are taking a lot more time to deliberate over whether to commit their vessels to what nowadays proves the costly exercise of immobilising tonnage."

But Gibson said its figures also showed that over 6m dwt of tankers being used for storage had been released back to their owners in recent weeks. Altogether, some 9.2m dwt is involved in the Japanese Government storage programme and a further 11.2m dwt used for storage elsewhere.

The return of tonnage to owners from storage, commented Gibson, "will naturally add to the tremendous surplus that already exists and, therefore, can only point to an accelerated rate of laying-up."

Yugoslavian exports push

By Alekander Lebl in Belgrad

YUGOSLAVIAN exports [illegible] expected to rise by 8.5 [illegible] cent in real terms this y[illegible] and the country aims to [illegible]duce its balance of paym[illegible] deficit to $500m from [illegible] $1.8bn in 1981.

The forecasts, contained in [illegible] 1982 plan passed last wee[illegible] the federal Parliament, call for a GDP growth of [illegible] per cent, a rise in indus[illegible] production of 3.5 per [illegible] and a 4 per cent rise in [illegible]cultural production.

In order to reduce import[illegible] essential fuels, raw mate[illegible] and intermediate prod[illegible] purchases of foreign eq[illegible]ment are to be reduced [illegible] half and foreign consu[illegible] goods cut back to a minim[illegible] the annual plan said.

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Truck industry 'may never recover'

THE UK COMMERCIAL vehicle industry may never recover from this recession, DRI Europe, the former Economic Models forecasting group, says in its latest European Trucks report.

The UK continues to be the "blackspot of Europe" both from the point of view of production and demand.

"Although demand should be re-established at viable levels by 1983, the benefit to domestic producers is limited by rising import penetration.

"The UK is expected to continue to be an expensive base from which to export so a reversal of recent losses of export market share is unlikely," the report says.

Kenneth Gooding looks at a report which says Britain continues to be the black spot of West Europe from the point of view both of output and demand

This position is not caused solely by the collapse in demand at home and in Europe.

The industry failed to capitalise on the rapid expansion of overseas markets outside Europe in 1980 and 1981 so "alone among the major European producers faces double pressure from at home and abroad."

Historically the UK has exported a high proportion of its production outside Europe. Even in 1979—a year of weak demand abroad and following years of declining market shares—about 30 per cent of production was destined for markets beyond Europe.

"One nf the chief reasons for the failure to shift production to export is, of course, the growing cost disadvantages which UK producers have experienced since the pound assumed the role of petro-currency," the report says.

"Very high rates of increase in domestic costs have failed to be reflected in a commensurate weakening of the exchange rate. The gap between the UK and Continental manufacturers' competitiveness on world markets widened very rapidly in 1980 and 1981.

"Thus UK salesmen found their German and Japanese counterparts able to export profitably at prices much below those they were able to quote. Leyland reported aeeing the price of Japanese and German vehicles drop by as much as 11 per cent while British truck pricea rose by up to 34 per ceot.

"Not surprisingly a great deal of market share has been lost. Our forecasts suggest that much of this disadvantage in cost competitiveness in export markets will be retained."

The study indicates that much of the industry's fate lies with the multi-national producers which so far have remained more committed to their British commercial vehicle activities than to their car nperations.

However, "the recent collapse of the market and strength of the pound must be ahaking that resolve.

"As new models are introduced a greater integration in Europe nr worldwide production—to the disadvantage of the UK—can be expected."

DRI says its forecast shows a bleak outlook for UK production, in spite of reasonable optimism for demand in the medium term. It predicts that *output will rise by 14 per cent* in 1982 to 264,310 vehicles following the 37 per cent drop in 1981 to 231,117. *The next peak* of prodnction should be 298,972 in 1984.

The report covers seven European countries. It says the European truck industry will change rapidly in the next five or six years because there are too many manufacturers and too much capacity.

"The key strategy for survival is to look to exports as specialisation grows. Failure to increase export orientation will commit manufacturers to declining shares of flat markets.

"The truck market conforms to the archetypal picture of a highly competitive market—low growth, high number of sellers, low product differentiation. With such a demand scenario, the risks to participants in the market are high."

"European Trucks Forecast Report," DRI Europe, 30 Old Queen St., St. James's Pork, London, SW1H 9HP. £400.

'Economic recovery should mean GDP rise'

By David Marsh

Modest economic recovery is expected to lead this year to a rise of 1.7 per cent *in* Britain's gross domestic prodnct, after declining 2.8 per cent and 2.6 per cent respectively during 1980 and 1981, according to the Cambridge Econometrics forecast.

The recovery is expected to result from an end to the running-down of industry's stocks and a rise in export demand.

The forecasting gronp — the commercial arm of the *Cambridge Growth Project* at Cambridge University's department of applied economics—*foresees* no continnation of the recent rapid spurt in productivity.

Productivity is expected to decrease by 2.7 per cent across the economy as a whole this year. However, there is little prospect of industry ever achieving Japanese-style productivity growth. As the rate nf redundancies begins tn ease nff, the rise in productivity is expected tn slow dramatically and tn increase at only 1.5 per cent annually from 1983 onwards.

Unemployment will pass the 3m mark early in 1982 and is expected tn average 3.2m

Better days ahead for chemicals

BY RAY DAFTER, ENERGY EDITOR

BRITAIN's chemicals industry is set for a major recovery over the rest of the 1980s, according to a report published today by Cambridge Econometrics.

Chemical companies, which have *been particularly* hit by the economic recession, can expect output to grow by over *30 per cent* in *the 1980s—faster* than nearly every other manufacturing sector.

Increased *exports should* be the "main engine" of this recovery, says Cambridge Ecooometrics, the commercial wiog of the Cambridge Growth Project—a 20-year research veoture in Cambridge University's Department of Applied Economics.

Cheoiicals exports are forecast to grow by an average of just under 9 per cent annually over the next four years.

But chemical companies will also feel the impact of a slow recovery—beginning this year—of the British economy and manufacturing base in general, says the report. As a result, chemicals production is expected to rise by 2.6 per ceot in 1982 and at an annual rate of between 4.5 and 4.7 per cent in the following three years.

Statistics produced by the forecasters indicate that growth in output is unlikely to be accompanied by an overall increase in employment. The oumber of emplnyees is expected to decline slowly for most of the 1980s as companies seek greater efficiency.

Cambridge Econometrics says that the chemicals sector was one of the few manufacturing industries to recover *last year* from the drop in output experienced in 1980. Growth in output *last year is estimated* to have been 0.8 per cent, as against a drop of 7.9 per cent in the previous year.

UK CHEMICALS INDUSTRY GROWTH PROSPECTS
(annual % change)

	1980	1981	1982	1983	1984	1985	1985-90
Home demand	−11.6	7.6	5.2	2.8	3.6	4.0	2.5
Exports	− 4.2	− 3.5	4.6	9.8	11.2	10.0	4.8
Total demand	− 9.4	4.2	5.0	4.8	5.9	5.9	3.3
Imports	−13.0	6.7	13.2	5.8	9.9	10.0	6.1
Output	− 7.9	0.8	2.6	4.5	4.7	4.6	2.2
Industry price	15.7*	11.2	11.5	11.5	5.5	9.6	9.4
Emplnyment	− 2.1	− 4.3	− 0.2	0.3	− 0.1	− 1.1	− 1.9

* Price of home sales only.

Source: Cambridge Econometrics and Government statistics.

Tap control 'could save hot water worth £30m'

BY MAURICE SAMUELSON

FOR THE past 18 months eight plumbers from Merseyside have carried on a campaign to cut energy billa by reducing the amount of hot water wasted in schools, hospitals and other public and private buildings.

Tbey do so by ioserting a cheap plastic cylinder into an ordinary half-inch tap, cutting its maximum water flow from about 20 litres a minute to about five.

Hardly the last word in energy-saving *techoology*, but it has been estimated that if universally adapted in non-domestic *buildings* these *plastic tubes* would save the country the equivalent of £30m worth of hot water a year which at present goes down the drain.

The plumbers, working in four teams of two, are employed by *Flow Control*, a small Wallasey company set up in May 1980 by Mr Michael Rice, 33, a heating aod *plumbing* eogioeer, and Mr David Ellis, 37, a businessman wbo owns a chaio of garagea.

Mr Michael Lawson, 39, who was with the rates recovery department of Wirral Metropolitan Borough Council, has joined them as sales manager.

So far, the company has *earned about £100,000 attending* to 42,000 taps in the past year-and-a-half.

Incomes policy 'essential for jobs'

By David Marsh

Some form nf incnmes policy, probably combined with devalnatinn, would he the essential for a return to full employment, according to Mr Terry Barker, an economist at Cambridge University.

In Lloyds Bank Review, he says alternatives to present *policies—such* as bigher pnblic sector investment and removal of the natinnal insurance surcharge — *are not* enough.

The five-year $24bn poblic investment programme put fnrward by the TUC wonld create only abont 300,000 jobs by 1986. Removing the surcharge might add an extra 150,000 to 200,000.

Mr Barker says the only measure which would conceivably create mncb mnre employment under present economic strategies would be a depreciation of sterling.

He suggests an effective devalnation nf 30 tn 40 per cent in 1981-82, maintained over the next two years to generate an extra 1m jnbs. Snch a depreciation wonld have tn take place withnut the offset nf substantial extra wage inflatinn.

Scania buys its biggest distributor in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SCANIA, THE Swedish truck manufacturer, has acquired Scantruck, the largest distributor of its vehicles io Britain.

Mr Ray Fisher, the previous owner of Scantruck, was one of three dealers who introduced the Scania trucks to the UK in 1966 and built up his business so that it is probably Scania's biggest distributor in the world in terms of trucks sold.

He said the depressed state of the Britisb truck market—down by more than half in the past two years—played a part in his decisioo to sell.

"I believe it will take another two years at least for the market to get back to reasonable levels. I am now 63 and, frankly, I did not want to go on working that long," Mr Fisher said.

Mr Fisher had turned down approaches from people who wanted to distribute other manufacturers' vehicles because he waoted Scantruck to continue as a Scania distributor.

Scantruck covers the South East, East Anglia and most of the home counties.

Scania (Great Britain) said the purchase was consistent with the parent gronp's internatiooal policy of "limited involvement in the retail market. It is not the intention or policy of Scania (Great Britain) to extend its retail interests any further."

Mr Christopher Robinson, aged 39, has been appointed general manager and managing director designate of Scantruck and will work alongside Mr Fisher until the end of 1982, when Mr Fisher retires.

Mr Robinson moves to Scantruck from Malaysia, where be was general manager of Wearne Brothers automotive operations.

Scania has also takeo over Road Trucks, its distributor in Northern Ireland, "to make sure customers get a continued back-up service there."

Action on Gill payout considered

BY JOHN MOORE

ANGRY pension fund managers who have invested in Associated Communications Corporation, the entertainments conglomerate that is to give a record £700,000-plus payout to Mr Jack Gill, its former managing director, have approached the Bank of England for advice on how they can protest.

They are also exploring the possibility of legal action.

Pension funds hold about 8 per cent of Associated's non-voting "A" shares and are powerless at meetings to influence group decisions.

The payment to Mr Gill has come when Associated revealed losses of £8m for the first half of its trading year. No dividend was declared.

Lord Grade, Associated's chairman holds 27.6 per cent of the voting shares. Mr Gill holds another 15 per cent.

Mr Robert Holmes a Court, the Australian entrepreneur who has just become a director of Associated, holds nearly 51 per cent of the non-voting shares and a block of voting shares representing 3 per cent.

No action in the affair, which has caused a City row, is likely by the Bank of England itself.

On the possibility of legal action, one fund manager said: "We are obviously looking at the legal side, but it is a tough one for us."

Lord Matthews, an Associated director, is expected to use the shares he owns or influences—about 9 per cent — to vote against the Gill compensation payment when approval is sought at an extraordinary general meeting on Friday.

Little is likely to be achieved. Lord Grade told shareholders in a letter last month that "certain of your directors have undertaken to Mr Gill to vote in favour of the first resolution (a cash payment of £560,000 to Mr Gill) in respect of their personal shareholdings, amounting in aggregate to 67,990 ordinary £1 shares (which is equivalent to 45.3 per cent of the issued ordinary £1 share capital of the company)."

On the question of the sale of a company house, Lord Grade has proposed that Mr Gill be allowed to buy the house, with a market value of £275,000, for £165,822. Lord Grade has given no indication of how many voting shareholders are likely to support that proposal.

Rain and warm weather cause widespread floods

BY JASON CRISP

MANY PARTS of Britain were hit by bad weather again yesterday. There were floods in Cumbria, Gloucestershire and West Yorkshire, and in Scotland roads were closed by both flooding and snow-drifts.

Heavy rain and warm weather, which melted the snow, swelled rivers in many parts of the country. Several overflowed, including the Severn, Tyne and Ouse. There were flood alerts for a long stretch of the Wye, and for several rivers in Wales.

The A417 was blocked near Gloucester and some trunk routes were closed in West Yorkshire. At Castleford the army was standing by to evacuate 200 people from a housing estate near a canal.

Conditions were easier in South Yorkshire.

Temparatures fell sharply in Scotland, and snow blocked roads in the Grampians and in the Elgin and Banff areas. The Automobile Association warned of rapidly deteriorating conditions.

The London Weather Centre said a belt of rain was passing eastwards across England and Wales. It is expected to be followed late today by another belt of rain turning to snow which will move south from Scotland. The centre said most of the flooding was probably caused by melting snow.

Weather forecast Back Page

Unions likely to back Foot at Labour 'rescue' meeting

BY MARGARET VAN HATTEM

MR MICHAEL FOOT, the Labour leader, is expected to win trade union backing this week in his attempt to prevent Mr Tony Benn from contesting the party leadership or deputy leadership this year.

Senior MPs and general secretaries of the most powerful unions meet tomorrow and on Wednesday to discuss ways of rescuing the party from looming financial and political disaster.

Mr Foot has insisted in recent weeks that the main cause of the party's flagging electoral and financial support has been its internal wrangling, particularly that generated by Mr Benn's decision to contest the deputy leadership last year.

Interviewed on BBC radio yesterday, Mr Foot indicated he believed the meeting at Bishops Stortford, Hertfordshire, would be "helpful" in ensuring that there is no contest this year.

Mr Benn has indicated that he considers himself de facto deputy party leader. A group of his supporters plan to meet on January 23 to consider their tactics, including a possible campaign for the leadership or deputy leadership.

Mr Foot's supporters hope that even Left-wing union general secretaries will warn Mr Benn he cannot count on support.

The meeting is also expected to concentrate on working out a fundraising and cost-cutting programme to cover the party's estimated £10m financial needs up to and including the next general election.

Tight curbs on tobacco sponsorship unlikely

By Our Consumer Affairs Correspondent

THE GOVERNMENT is expected shortly to agree a new code of practice covering tobacco companies' sponsorship of sporting events, but it is likely to be broadly similar to the existing agreement.

The accord is almost certain to raise a storm of protest from anti-smoking pressure groups and medical organisations.

Mrs Renee Short, chairwoman of the Commons Select Committee for Social Services, said yesterday: "We are getting messages that the Government intends to let things stay as they are."

She pointed out: "Cigarette smoking costs the National Health Service enormous sums of money each year in dealing with smoking-induced conditions like bronchitis, heart disease, and lung cancer."

Sports sponsorship by tobacco companies is worth an estimated £4.5m annually.

Haughey Ulster call

MR CHARLES HAUGHEY, former Prime Minister of the Irish Republic, called on Britain yesterday to withdraw its guarantee that Ulster would remain part of the UK until a majority of the people in the province wanted otherwise. A united Ireland was the only way ahead, he said.

Silkin Rock talks

MR JOHN SILKIN, the Opposition defence spokesman, is to visit Gibraltar this week for talks on the Government's decision to close its Royal Navy dockyard next year. He said yesterday the Tories' "misguided" defence strategy would lead to massive unemployment there.

Prescriptions waste

ONE PATIENT in five does not collect the medicine the doctor has prescribed, a survey has revealed. Lower-income manual workers were the least likely to redeem prescriptions, possibly because their main purpose in going to a doctor was to get a sick note, Dr Aly Rashid, of Manchester University, writes in the British Medical Journal. He undertook the survey in Preston, Lancashire.

Steel factory ready

CLEVELAND Bridge and Engineering's £26m structural steelwork fabrication factory at Darlington, County Durham, is due to come onstream this morning, four months ahead of schedule. It follows the closure on December 18 of the company's 104-year-old Smithfield Road works.

Modest house-building recovery

BY MICHAEL CASSELL

A FURTHER modest recovery in private sector house-building is indicated this year, according to the House Builders' Federation.

It says a survey among 280 contractors which build about half of the new homes in England and Wales, shows that just over 70 per cent expect to maintain or improve their 1981 output.

Estimates suggest that nearly 120,000 private sector homes were started last year against 98,000 in 1980, one of the lowest levels since the last war.

According to the federation, the brightening prospects are reflected in employment expectations, particularly among contractors building more than 100 homes a year. Of these, 77 per cent expect to maintain or increase their on-site labour force in 1982.

In the last three months of 1981 demand for new housing from both owner-occupiers and first-time buyers fell back.

The federation says, however, there is evidence that the incentives offered by the larger house-builders is helping to maintain demand.

The problem of chains caused by inability to sell existing homes, together with the overall lack of confidence among potential buyers, remain the main constraints on demand for new houses. The third influence, according to the federation, is concern about mortgage repayments.

Mr Roger Humber, federation director, said: "Although there are some signs of recovery, the results do not point to any consistent pattern within the industry. Some house-builders are obviously better able than others to deal with the current market situation.

"A full, sustained recovery throughout the industry will depend upon a fall in interest rates and a rise in real earnings."

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 31 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

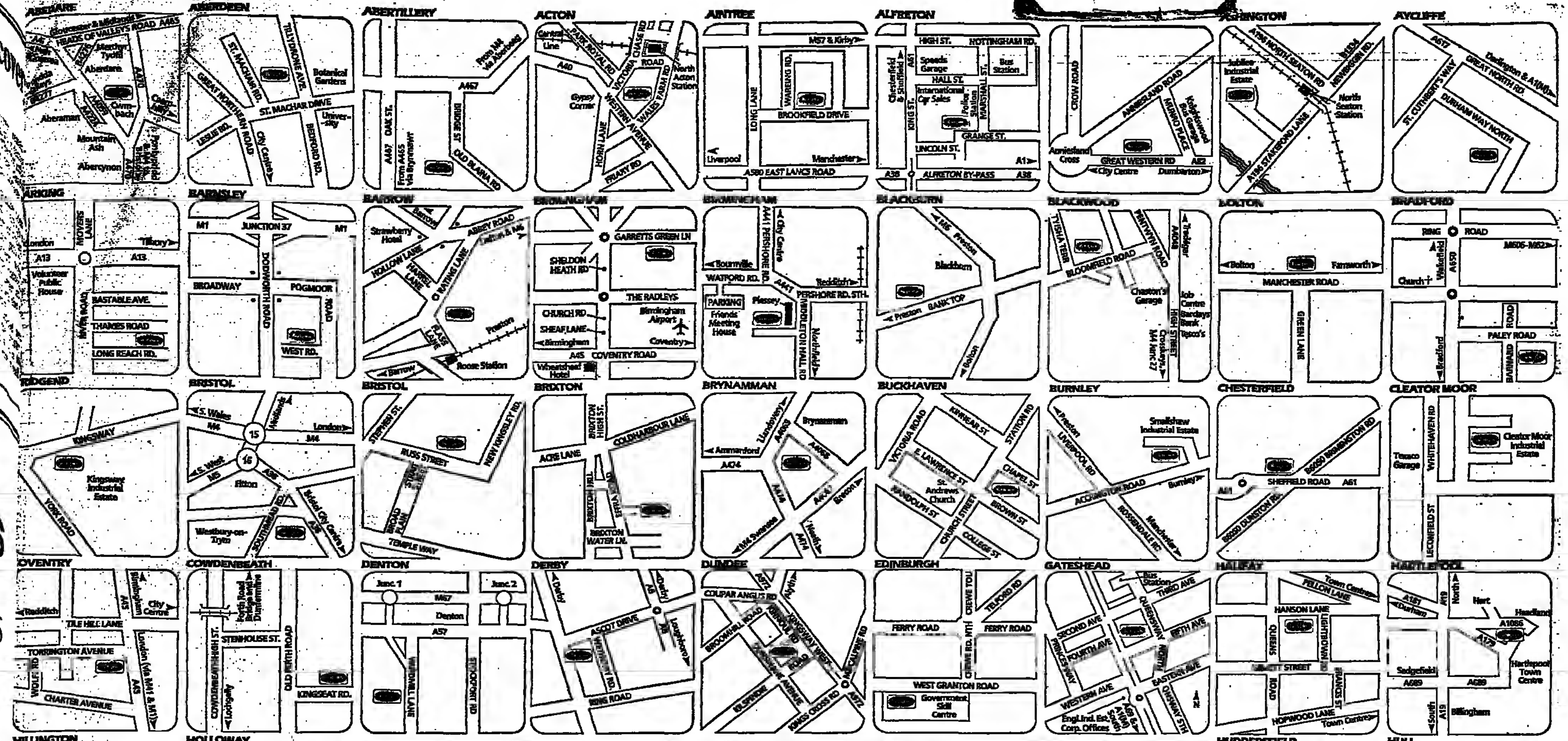
Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

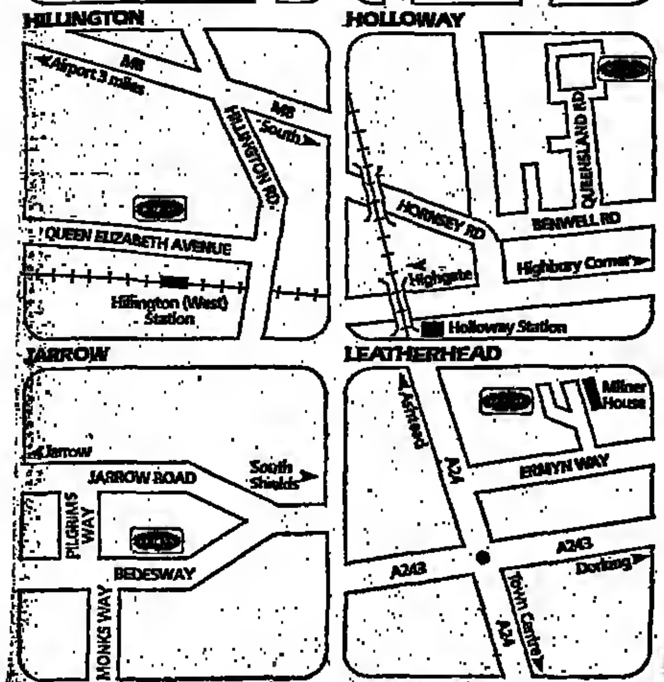
PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	88.0
Albania	Lek	10.12
Algeria	Dinar	7.8770
Andorra	French Franc	10.88
	Spanish Peseta	183.70
Angola	Kwanza	(CM) 52.835 (T) 00.130
Antigua (S)	E. Caribbean $	5.10
Argentina	Ar. Peso	20,108.0(3)
Australia (S)	Australian $	1.6940
Austria	Schilling	30.07
Azores	Portugu'se Escudo	104.50
Bahamas (S)	Ba. Dollar	1.8100
Bahrain (S)	Dinar	0.720
Balearic Isles	Spa. Peseta	183.75
Bangladesh (S)	Taka	37.75
Barbados (S)	Babados $	3.8200
Belgium	B. Franc	(cm) 73.40 (fn) 81.00
Belize	B $	3.8200
Benin	C.F.A. Franc	544.0
Bermuda (S)	Bda $	1.9100
Bhutan	Indian Rupee	17.25
Bolivia	Bolivian Peso	47.15
Botswana (S)	Pula	1.0790
Brazil	Cruzeiro ‡‡	243.46
Brit. Virgin Isles (S)	U.S. $	1.9100
Brunei (S)	Brunei $	3.8970
Bulgaria	Lev	1.7725
Burma	Kyat	12.30
Burundi	Burundi Franc	168.68
Cameroon Republic	C.F.A. Franc	544.0
Canada	Canadian $	2.2660
Canary Islands	Spanish Peseta	183.75
Cape Verde Isle.	Cape V. Escudo	60.55
Cayman Islands (S)	Cay. Is. $	1.5915
Cent. Af. Repub.	C.F.A. Franc	544.0
Chad	C.F.A. Franc	544.0
Chile	C. Peso	(Bk) 74.49
China	Renminbi Yuan	3.3537
Colombia	C. Peso	(F) 112.82
Comoro Islands	C.F.A. Franc	544.0
Congo (Brazaville)	C.F.A. Franc	544.0
Costa Rica	Colon	32.05
Cuba	Cuban Peso	1.5260
Cyprus (S)	Cyprus £	0.824
Czechoslovakia	Koruna	(com) 11.00 n/c 19.16 (T) 12.55
Denmark	Danish Krone	13.94
Djibouti	Fr.	300 (sg)
Dominica (S)	E. Caribbean $	5.16
Dominican Repub.	Dominican Peso	1.9100
Ecuador	Sucre	(O) 47.70 (F) 62.45
Egypt	Egyptian £	(U) 1.55
Equatorial Guinea	Ekuele	357.50
Ethiopia	Ethiopian Birr	(P) 3.9000
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.94
Fiji Islands	Fiji $	1.6240
Finland	Markka	6.3255
France	French Franc	10.88
French C'tyin Af*	C.F.A. Franc	544.0
French Guiana	Local Franc	10.88
French Pacific Is.	C.F.P. Franc	195 (sg)
Gabon	C.F.A. Franc	544.0
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.29
Germany (West)	Deutsche Mark	4.29
Ghana (S)	Cedi	5.20
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	109.064

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Greenland	Danish Kroner	13.94
Grenada (S)	E. Caribbean $	5.16
Guadaloupe	Local Franc	10.88
Guam	U.S. $	1.9100
Guatemala	Quetzal	1.0100
Guinea Republic	Syli	40.45
Guinea Bissau	Peso	73.10
Guyana (S)	Guyanese $	5.7455
Haiti	Gourd	9.55
Honduras Repub.	Lempira	3.84
Hong Kong (S)	H.K. $	10.7880
Hungary	Forint	65.0353‡‡
Iceland (S)	I. Krona	15.558
India (S)	Ind. Rupee	17.25
Indonesia	Rupiah	1,200.15
Iran	Rial	150.00(sg)
Iraq	Iraq Dinar	0.00625
Irish Republic (k)	Irish £	1.2080
Israel	Shekel	29.90
Italy	Lira	2,292.0
Ivory Coast	C.F.A. Franc	544.0
Jamaica (S)	Jamaica Dollar	3.4062
Japan	Yen	418.50
Jordan (S)	Jordan Dinar	0.646
Kampuchea	Riel	2,292.0
Kenya (S)	Kenya Shilling	19.50
Kiribati	Australian $	1.6940
Korea (Nth)	Won	1.75(II)
Korea (Sth)	Won	1,339.52
Kuwait	Kuwait Dinar	0.539
Laos	New Kip	19.10
Lebanon	Lebanese £	8.7900
Lesotho	Loti	1.8285
Liberia	Liberian $	1.91 0
Libya	Libyan Dinar	0.5655
Liechtenstein	Swiss Franc	3.435
Luxembourg	Lux Franc	73.40
Macao	Pataca	11.30
Madeira	Portug'se Escudo	124.50
Malagasy Republic	MG Franc	544.0
Malawi (S)	Kwacha	1.7280
Malaysia (S)	Ringgit	4.2740
Maldive Islands (S)	Mal Rupee	7.4865
Mali Republic	Mali Franc	1,088.0
Malta (S)	Maltese £	0.740
Martinique	Local Franc	10.88
Mauritania	Ouguiya ‡	109.10
Mauritius (S)	M. Rupee	19.70
Mexico	Mexican Peso	50.15
Miquelon	C.F.A. Franc	544.0
Monaco	French Franc	10.88
Mongolia	Tugrik	(o)5.55(II)
Montserrat	E. Caribbean $	5.16
Morocco	Dirham	10.03(sg)
Mozambique	Metical	50.35
Nauru	Australian Dollar	1.6940
Nepal	Nepalese Rupee	25.15
Netherlands	Guilder	4.70
Netherland Antilles	Antillian Guilder	3.4190
New Zealand (S)	N. Z. Dollar	2.3175
Nicaragua	Cordoba	19.10
Niger Republic	C. F. A. Franc	544.0
Nigeria (S)	Naira	1.205446(sg)
Norway	Norway Krone	11.07
Oman Sul'ate of (S)	Rial Omani	0.662
Pakistan	Pakistan Rupee	18.88
Panama	Balboa	1.9100
Papua N.Guinea (S)	Kina	1.3000
Paraguay	Guarani	(O) 240.66 (F) 330.90

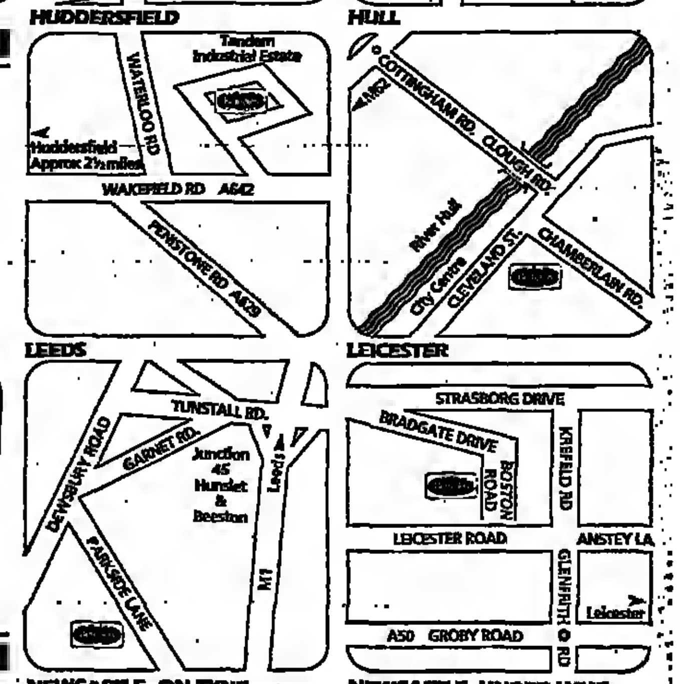
PLACE	LOCAL UNIT	VALUE OF £ STERLING
Peru	Sol	exe (A) 965.35
Philippines	Philippine Peso	15.35
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3175
Poland	Zloty	(Cm) 66.96 (T) 66.96
Portugal	Portugu'se Escudo	124.50
Puerto Rico	U.S. $	1.91
Qatar (S)	Qatar Ryal	0.97
Reunion Ile de la	French Franc	10.88
Romania	Leu	(Cm) 8.15 (n/c) 20.01
Rwanda	Rwanda Franc	178.79
St. Christopher (S)	E. Caribbean $	5.15
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.16
St. Pierre	Local Franc	10.88
St. Vincent (S)	E. Caribbean $	5.15
Salvador El	Colon	4.78
Samoa American	U.S. $	1.9100
San Marino	Italian Lire	2,292.0
Sao Tome & Prin.	Dobra	74.15
Saudi Arabia	Ryal	6.55
Senegal	C.F.A. Franc	544.0
Seychelles	S. Rupee	11.60(sg)
Sierra Leone (S)	Leone	2.2306
Singapore (S)	Singapore $	3.8970
Solomon Islands (S)	Solomon Is. $	1.6970
Somali Republic	Somali Shilling (1)	(A) 12.13
Somali Republic	Somali Shilling (2)	23.80
South Africa (S)	Rand	1.8285
South West African Territories (S)	S. A. Rand	1.8285
Spain	Peseta	183.75
Spanish ports in North Africa	Peseta	183.75
Sri Lanka (S)	S. L. Rupee	38.85
Sudan Republic	Sudan £ (u)	1.72
Surinam	S. Guilder	3.4190
Swaziland (S)	Lilangeni	1.8285
Sweden	S. Krona	10.64
Switzerland	Swiss Franc	3.435
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	68.75
Tanzania (S)	Tan. Shilling	15.60
Thailand	Baht	43.70
Togo Republic	C.F.A. Franc	544.0
Tonga Islands (S)	Pa'anga	1.6940
Trinidad (S)	Trinidad & Tob. $	4.5840
Tunisia	Tunisian Dinar	0.973(sg)
Turkey	Turkish Lira	246.75
Turks & Caicos	U.S. $	1.9100
Tuvalu	Australian $	1.6940
Uganda (S)	Uganda Shilling	160.0
United States	U.S. Dollar	1.9100
Uruguay	Uruguay Peso	(cm) 22.03 (fn) 29.00
Utd. Arab Emirates	U.A.E. Dirham	7.05
U.S.S.R.	Rouble	1.3570
Upper Volta	C.F.A. Franc	544.0
Vanuatu	Vatu	175.90
	Aust. Dollar	1.6940
Vatican	Italian Lire	2,292.0
Venezuela	Bolivar	8.19
Vietnam	Dong	(O) 4.15 (T) 4.31(T)
Virgin Islands U.S.	U.S. Dollar	1.9100
Western Samoa	S. Samoan Tala	2.0675
Yemen (Nth)	Ryal	8.66(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6505
Yugoslavia	New Y Dinar	75.1173
Zaire Republic	Zaire	10.388178
Zambia	Kwacha	1.6730
Zimbabwe	Zimbabwe $	1.3850

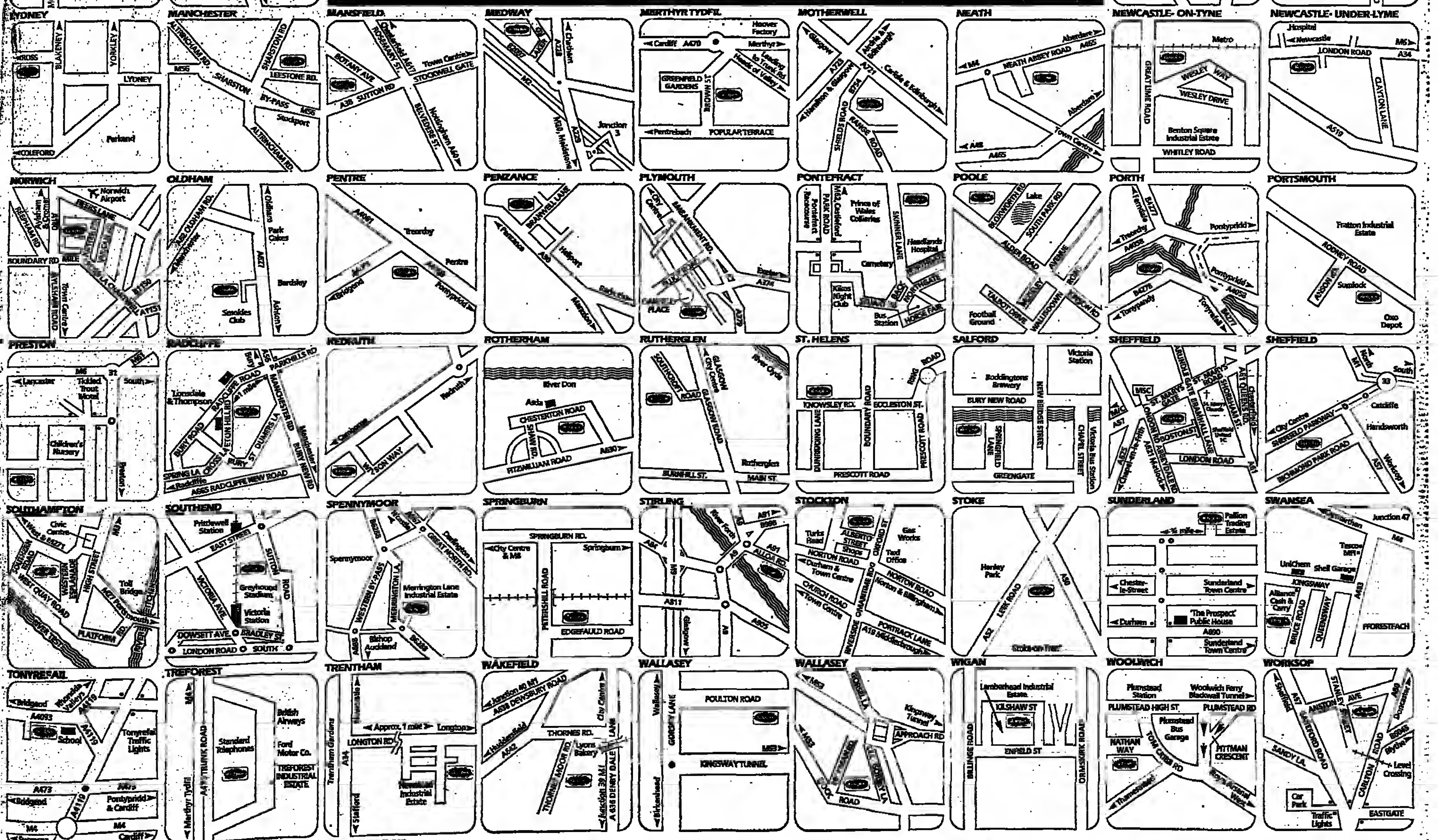
*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 80.20. **Rate is the transfer market (controlled). ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfers. (3) Now one rate.

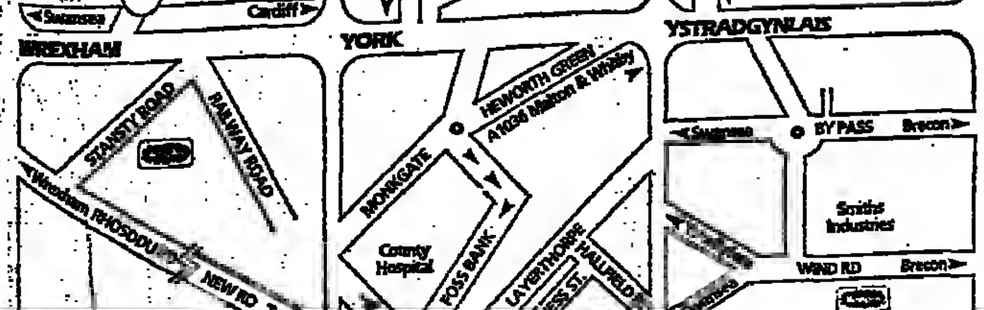




92 reasons why the Remploy Resource can ease your production problems in 1982







The Remploy Resource means you can utilise our production lines, our factories—there's one near you—and our skills, which are listed below. We reduce your fixed costs to a minimum and allow you to grasp opportunities that could be missed.

We offer a variable cost factor to companies who might otherwise find it difficult to find the money to invest in increased production.

We work in over 150 product and service areas at these 92 factories nationwide, and many of our customers are top names in their fields.

In 1981, Remploy recruited another 400 people, opened 4 new factories and increased turnover by 18% to a record £44 million.

And as we are Britain's biggest employer of disabled people this was very good news indeed, particularly in the International Year of Disabled People. But we are no charity. Far from it.

Make the most of your company by making the most of ours. The Remploy Resource can work for you.

For full information and the Remploy File, simply contact David Whitter at the address below.

Remploy

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UK NEWS – LABOUR

ASTMS accuses rival of unfairly recruiting insurance workers

BY BRIAN GROOM, LABOUR STAFF

A NEW inter-union clash is brewing in the hard-fought campaign to represent insurance workers. The Association of Scientific, Technical and Managerial Staffs claims there is a "*growing prima facie case*" that the rival Banking, Insurance and Finance Union is breaking TUC rules on recruitment.

Mr Peter Kennedy, an ASTMS national officer, said his union is considering action in specific cases. These are likely to be the Edinburgh-based Standard Life Assurance and the Liverpool-based Royal Liver Friendly Society.

Bifu expects to expand its insurance company membership of 22,000 this year by bringing in members at Royal Liver and in Scottish Life offices.

The executive committee of the Royal Liver and Composite Section of the National Union of Insurance Workers—a four-section union federation—has voted for a merger with Bifu. Members will be balloted, probably in February or March.

Bifu claims this would bring it another 1,000 members, most of them field staff at Royal Liver, but including a smaller number of employees at two other companies.

A ballot on merging with Bifu is also to be held among 500 members of the Scottish Equitable Staff Association, probably in March. Bifu has also had talks with the staff asssociation at Scottish Amicable and has had contacts with Standard Life.

It is the last of these, although still at an early stage, which has particularly annoyed ASTMS. It believes that Bifu may be breaking Principle Five of the TUC's "Bridlington rules" on inter-union conduct.

A note to this states that if a union wants to begin recruiting in an organisation, it should consult other unions which have members there, even though they have neither a majority in the grades concerned nor negotiating rights. ASTMS has rights to represent individuals at Standard Life's Edinburgh head office, and claims that Bifu is ignoring the TUC rule.

Relations between the two unions have been poor since Bifu started recruiting in insurance companies after changing its name from the National Union of Bank Employees in 1977. Since then it has brought staff associations at GRE, Phoenix, and Eagle Star under its wing.

ASTMS, which claims a membership of 75,000 in insurance, has not made such large mergers recently, although it claims now to be close to an important merger. Mr Kennedy claims that ASTMS is successful in recruiting individuals, and that its insurance membership is growing by over 400 a month.

ASTMS is affiliated to the Labour Party, while Bifu is not. Both belong to the TUC.

Farm men likely to vote for merger

BY IVO DAWNAY, LABOUR STAFF

MEMBERS of the 85,000-strong National Union of Agricultural and Allied Workers begin balloting this week on the proposed merger with the Transport and General Workers' Union.

The ballot papers are being distributed by the Electoral Reform Society with a strong recommendation by the NUAAW executive to vote in favour. The merger is likely to be accepted. Results of the ballot are due on January 26.

In a letter to members, Mr Jack Boddy, NUAAW general secretary, gives assurances that farm workers will continue to negotiate independently on policy and pay bargaining through a new TGWU division.

He adds that the NUAAW's cash benefits for members will be replaced by the superior rates already being paid by the TGWU and points out the serious decline in his union's finances: in 1960 it had investments of £470,000, now shrunk to £98,989, with a bank overdraft of £22,594 and a deficit of £5,500 at the end of November.

TUC urged to defend part-timers

By Ivo Dawnay, Labour Staff

THE National Council for Civil Liberties has asked the Trades Union Congress to act quickly to defend the rights of part-time workers threatened with redundancy.

The council claims that all redundancy agreements between trade unions and managements that discriminate against part-time workers have been ruled illegal and should be renegotiated.

The move follows a recent ruling by a Birmingham industrial tribunal that companies which dismiss part-time workers before full-time workers are acting unlawfully.

In a test-case brought by the council, the tribunal decided that Eley (IMI Kynoch), a munitions manufacturer, had acted contrary to the Sex Discrimination Act 1975 when it dismissed a woman part-time worker. The tribunal ruled that the woman had been unfairly dismissed and that she should be reinstated.

In a letter to Mr Len Murray, TUC general secretary, the council has urged the TUC to ensure that no further agreements discriminating against part-time workers are negotiated and that existing redundancy agreements are rewritten.

Ms Ann Sedley, the council's Women's rights officer, said: "This ruling is a victory for all part-time workers who have been discriminated against for too long. It is now up to the TUC and all unions to ensure that part-timers get the full protection of their trade union and are not treated as second-class citizens."

London rail map updated

A NEW edition of the "London's Railways" poster map—with diagrams of Underground and British Rail networks—has been published by London Transport.

The map is being posted at more than 800 British Rail and Underground stations.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

BOARD MEETINGS—
Finals:
Anglo American Inds.

DIVIDEND & INTEREST PAYMENTS—
Aberthaw and Bristol Channel Portland Cement 4p
Advance Services Ord 1p
Allied Irish Banks FltgRateNts 1987 $91.39
Allnatt London Props 1p
Alpine Hldgs 2.275p
Amlgd Metal Cpn 5.4pcPf 2.7pc. 6pcPf 2.1pc
Arenson (A.) (Hldgs) 0.705p
Argus Press 7pcPf 2.45pc
BAT Inds 8p
BICC 6pcPf 2.1pc. 5½pcPf 1.925pc. Db 3½pc
Baring Bros 4½pcPf 157.5p. 7½pcPf 2.625pc
Beazer (C. H.) (Hldgs) 4.6p
Black Arrow Grp 1p
Booker McConnell 1.375p. 4.2pcPf 2.1pc
Bousted 0.5p
Bradford Prop Tst 2p
Bristol Waterworks 3.5pc (Fmly 5pc) Cons Pf 1.75pc. 3.85pc (Fmly 5½pc) RedPf 1982 1.925pc. 2.8pc (Fmly 4pc) PerpPf 1.4pc. 4.025pc (Fmly 5¾pc) RdPf 1983-86 2.0125pc. 4.55pc (Fmly 6½pc) RdPf 1980-82 2.275pc. 8½pcRdPf 1982 4.25pc. IrrdDb 2pc
British and American Film Hldgs 1p
British Home Stores 1.75p
Brooke Bond Liebig 2.655p
Brown Boveri Kent 4½pcPf 1.575pc
Cadbury Schweppes 1.3p
Calcutta (Port of) Dbs 1953-83 2½pc. 5pcDbs 1954-84 2½pc
Capital and Counties 1.2p
Cater Allen Hldgs 4.2675p
Chamberlain Phipps 1.1p
Chile 5pc (Now 3pc) Ln 1905 (Assd) 2½pc. 4½pc (Now 3pc) Ln 1887 (Assd) 2¼pc
Chloride Grp 5pcPf 2.1pc
Clarke (Clement) Hldgs. 1.2675p
Clayton Son 0.9317p
Coates Bros Ord and A 0.88p
Courtney Pope (Hldgs) 6pcPf 2.1pc
Crown Zellerbach Cpn 57.5 cts
Dalgety 11p
Danish Bacon A 2p
Davis (Godfrey) (Hldgs) 1.5p
De La Rue 6.6p
De Vere Hotels and Rests 3p
Delta Gp. 1.82p
Dinkie Heel 0.25p
Dunlop Hldgs 2p
Electrocomponents 0.85p
Energy Services and Elecs 0.35p
European Ferries 1p
Financial Cpn of America 25.5 cts
Fisons 4p
Folkestone and District Water 10pcRdPf 5pc
Footwear Industry Invs 3.5p
Foseco Minsep 2.65p
Francis Inds. 2p
Glaxo Hldgs. 7.5p
Gopeng Cons. 9p
Griqualand West Diamond Mining 24cts
Harrison (T. C.) 0.92p
Hazlewood Foods 7.5pcPtg.Pf. 2.625pc
Hepworth (J.) 3p
Hestair 1p
Hill Samuel 2.5p
Holt Lloyd Intnl. 1.5p
Huntley and Palmer Foods 2p. 3.65pcPf. 1.825pc. 5.4pcPf. 2.7pc
Ingall Inds. 1.69p. Ln. 4pc
Kwik-Fit (Tyres and Exhausts) 0.682p
LCP Hldgs. 1.8p
Lawtex 0.5p
Legal and General 4p
Leumi Intnl. NV Gtd. Fltg. Rate Notes 8 1987 $47.49
Locker (Thomas) (Hldgs.) 0.25p
Lucas Inds. 8.4p
Lyle Shipping 4.5p
Lyles (S.) 4.25p
Manchester Ship Canal Dbs. 1½ 2(1st) 2(2nd). Dbs. 1¼(Perp.) 2(Perp.)
Marronair Intnl. 5.65p
Massmutual Mortgage and Realty Investors 44cts
More O'Ferrall 1.1p
Mothercare 1.62p
Mowlem (John) 2p
Mucklow (A. and J.) 2p
Needlers 6pcPf. 2.1pc
Petrolane Inc 105 cts.
Pharoah Gane 8pcPf 2.8pc
Property Sec Inv Tst 8pcPf 4pc
Provident Life Assn London 5pcPf 8.75pc. Do (Br) 8.75pc
Rank Orgn 6¼pcPf 2.1875pc. 8pcPf 8.6pc
Rio Tinto-Zinc Cpn (Reg) 5.5p. Do. (Br) 5.5p. Accum 0.1p. 3.325pcAPf 1.6625pc. 3.5pcBPf (Reg) 1.75pc. 3.5pcBPf (Br) 1.75pc
Rowntree Mackintosh 2.7p
Rugby Portland Cement 2.35p
Seaco Inc 7.5 cts
Sears Roebuck 34 cts
Seccombe Marshall Campion 0.6p
Simpson (S.) 2p
Sketchley 3.2p
Slingsby 0.6p
Smiths Inds 6.6p
South Australia 5pcCons 1916 1¼pc
Staveley Inds 4.5p
Strong and Fisher (Hldgs) 2.2p
Sutton District Water 6½pcRdPf 1962 4.25pc
Tarmac 5½pcPf 2.75pc
Temple Bar Inv Tst 4.2pcPf 2.1pc
Thomson Orgn 4.72pcPf 2.36pc. Db 1½pc. Ln 3½pc
Tilling (Thomas) 3.5p
Town Centre Secs 1p
Tozer Kemsley Millbourn (Hldgs) 0.3p
Transvaal Consd Land and Explrn 59.98184p
UBM Grp 1p
Ulster TV A 3p
Unilever 5pcPf 1.75pc. 7pcPf 2.45pc. 8pcPf 2.8pc. Pfd 7pc
Utd Energy Resources Inc 48 cts
Warrington (Thomas) Sons 1.73p
Wellco 0.6p
Western Motor Hldgs 5½pcPf 1.925pc
Wire and Plastic Prods 0.85p

TOMORROW

COMPANY MEETINGS—
Wade Potteries, Manchester Pottery, Greenhead Street, Burslem, Stoke-on-Trent, 12.00

BOARD MEETINGS—
Finals:
Pleasurama
Winterbottom Energy Trust
Interims:
Halma

DIVIDEND & INTEREST PAYMENTS—
Allied London Props 1.1p
Anglo Scottish Inv. Tst. 1.5p
Apps. 2½pc 1¼pc
Anns. 2½pc 1¼pc
Bankers' Inv. Tst. Db. 2pc
Beckman (A.) 3.78p
Border and Southern Stockholders Tst. 1.5p
Brickhouse Dudley 0.95p
British Assets Tst. 1.05p
Bulmer and Lumb 1.65p
Cape Inds. 3.9p
Commercial Props. Db. 1½pc
Consolidation 2½pc 1¼pc
Eleco Hldgs. 2.4p
Exchequer 8½pc 1983 4¼pc
External Inv. Tst. 4.5p
Finlay (James) 2p
Fletcher Challenge 15pc Spec. Pf. 7.5cts (NZS)
Do. 16pc Spec. Pf. 17.6cts (NZS)
General Scottish Tst. 5pc Pf. 1.75pc
Grattan 1.866p
Hambros Inv. Tst. 1p
Hambros 15.25p
Do. Sp Shs
Do. A 2.1p
Heath (C. E.) 2¼ 3pc
Herman Smith 0.3p
Lawrence (Walter) 2.5p
Mansfield Brewery 1.5p
Morgan Crucible 3.5p
North British Props. 2p
North (M. F.) 0.125p
Do. 4.2pc Pf. 2.1pc
Old Swan Hotel (Harrogate) 0.4p
Ovenstone Inv. 1.5cts
Philips Lamps Fl0.6
Reed Int. 4p
Richardsons, Westgarth 0.75p
Royal Insurance 9.75p
Runciman (Walter) 2.5p
Spear and Jackson 3.575p
Spencers Gears 0.5p
Sun Alliance and London Ins. 19.5p
Transatlantic and Gen. Inv. 3.3p
Treasury 6¼pc 1982 4¼pc
Vickers 4.55p
Wade Potteries 1.5p
Yole Catto 11½pc Pf. 5.75pc

WEDNESDAY JANUARY 6

COMPANY MEETINGS—
Duple Int., Connaught Rooms, Great Queen St., WC, 12.00

BOARD MEETINGS—
Finals:
McCorquodale
Interims:
Brown and Tawse
Quest Automation
Technology Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Anglo Metropolitan 0.5p
Aquascutum 0.75p
BBA Grp. 0.84p
Blue Circle Inds. Ln. 3¼pc
Border Breweries (Wrexham) 1.4p
British Commonwealth Shipping 6p
British Inv. Tst. 4.2p
British Shoe Ln. 3½pc
Colman (E. Alec) Inv. Db. 4¼pc
Courtaulds 5pc Pf. 1.75pc
Do. Ln. 2¼pc
Delta Grp. Ln. 3¼pc
East Midland Allied Press 1.15p
Findhorn Finance 4¼pc
Francis Parker 0.35p
Freemans Db. 3¼pc
Guardian Royal Ex. Ass. 6.75p
Hanger Inv. Db. 2¾pc
Harvey Thompson 0.7p
Highland Electronics Grp. 0.5p
Linread Ln. 3¾pc
Lloyds Eurofinance NV Gtd. Stg/Dollar Fltg. Rate Notes 1990 13⅝pc
Low (Wm.) 5.4p
Lynton Hldgs. 1.65p
Midland Marts Grp. 1.25p
Morgan Crucible Db. 4¼pc
Do. Lns. 3.12875. 2¼pc
Powell Duffryn 4.7p
Pratt (F.) Eng. Ln. 4pc
Samuel Props. Db. 3¼pc
Silkolene Lubricants 1.05p
Smith (W. H.) Son Db. 4pc
Do. Lns. 2.565. 3¼pc
Tarmac Db. 3½ (87-92) pc
Utd. Biscuits 2.25p
Utd. Carriers 1.2p
Whitbread Lns. 3¾. 5¼pc

THURSDAY JANUARY 7

COMPANY MEETINGS—
Atlanta, Baltimore Chicago Regional Inv. Tst., 87, Lombard Street, EC, 12.30
Jessups (Hldgs.), Winchester House, 77, London Wall, EC, 12.00
Save and Prosper Linked Inv. Tst., 4, Great St. Helens, EC, 17.00

BOARD MEETINGS—
Finals:
Birmingham Pallet
Hickson and Welch
Interims:
Black (Peter)
Electronic Rentals
Kitchen (Robert) Taylor
Waddington (John)

DIVIDEND & INTEREST PAYMENTS—
Amber Inds. 1p
Argyll Foods 1p
Cakebread Robey 0.6p
Caledonia Inv. 6p
Capper Neill 2.1p
Charter Cons. 3.75p
Do. (Br.) 3.75p
Duple Int. 1.5p
EIS Grp. 1.072p
Feedex Agric. Inds. 0.5p
Ferguson Inds. 2.2p
Fuller Smith Turner 3p
Geers Gross 2p
Green (R.) Props. 1.8p
Highland Dists. 1.8p
House of Fraser Db. 4pc
Jessups (Hldgs.) 1p
M and G Fund Inv. Tst. Inc. 1.4p
Mellins 10pc Pf. 7pc
Merrydown Wine 1p
Reckitt Colman 3.8p
Ruo Est. 1p
St. John D'el Rey Mining 50cts
Do. 10pc Pf. (Free of Inc. Tax) 20cts
Samuel Props. 3.1p
Sungei Besi Mines Malaysia 65sen (MS)
Vereeniging Refractories 26cts
Wedgwood 1.75p
Wimpey (George) 0.95p

FRIDAY JANUARY 8

COMPANY MEETINGS—
Comet Radiovision Svcs., George House, George Street, Hull, 12.00
Kwik Save Discount, Nant Hall Hotel, Prestatyn 12.00
Moben Grp., Midland Hotel, Peter Street, Manchester, 10.30

BOARD MEETINGS—
Finals:
Lowe (Robert H.)

DIVIDEND & INTEREST PAYMENTS—
Atlanta, Baltimore Chicago Regional Inv. Tst. 1p
Berec Grp. 1.3p
Boots 2.875p
Brown Shipley Hldgs. 2.75p
Browning-Ferris Inds. 25cts
Burmah Oil 1.5p
Century Oils 1p
Cope Allman Int. 2p
Cradley Printing 0.63p
Craig Rose 8p
Dunhill (Alfred) 5p
Evans of Leeds 1p
Extel Grp. 2.5p
Gen. Scottish Tst. 1p
Gordon Gotch 3p
Holden (Arthur) 2p
London Sumatra Plantations 20
London Northern Grp. 1.4p
Moss (Robert) 0.6p
Murray Northern Inv. Tst. 0.6p
Northern American Tst. 3.7p
Priest Marians 5.74p
Ramar Textiles 0.3125p
Rediffusion 1.25p
Selected Market Tst. Ptg. Red. Pf. 36p
Tecalemit 0.6p
Tootal 1.1p
Trident Computer Svcs. 1p
Utd. Electronic Hldgs. 0.57p
Whitbread 2.25p
Whitbread Inv. 1.6p

SUNDAY JANUARY 10

DIVIDEND & INTEREST PAYMENTS—
Alliance Dublin Cons. Gas 2pc
Imperial Chem. Inds. Ln. 4pc
London County 6¾pc 88-90 3⅜pc
Treasury 6½pc Ln. 84-86 4¼pc
Do. 11¾pc 1991 5⅞pc

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Giftware Show (0272 848598) (until Jan 7)	Truro
Jan 7-17	International Boat Show 1982 (02403 3077)	Earls Court
Jan 9-14	International Toy Fair (01-226 6653)	*Harrogate*
Jan 10-13	Stationery Industry Exhibition—STATINDEX (01-637 7692)	Grosvenor House, W1
Jan 19-22	Which Computer? Show (01-747 3131)	NEC, Birmingham
Jan 20-27	International *Hotel and Catering Exhibition*—HOTELYMPIA (021-705 6707)	Olympia
Jan 23-30	Ideal Homes, Food, Trades and Leisure Exhibition (0243 687381)	Winter Gardens, Eastbourne
Jan 24-27	Leathergoods, Luggage and Handbag Fair (01-407 1582)	Kensington Exhibition Centre
Jan 30-Feb 3	British Toy and Hobby Fair (01-701 7127)	Earls Court
Feb 1-4	Photography at Work Exhibition (01-688 7788)	Exhibition Centre, Harrogate
Feb 7-11	International Spring Fair—Gifts (01-855 9201)	NEC, Birmingham
Feb 9-13	Information, Technology and Management Exhibition and Conference—INFO '82 (01-647 1001)	Barbican Exhibition Centre
Feb 10-12	Western Building Show (01-643 8040)	Exhibition Centre, Bristol
Feb 10-12	Ceramic Tile Exhibition and Conference—TILEX (01-450 0466)	Wembley Conference Centre
Feb 12-14	Crufts Dog Show (01-493 7838)	Earls Court
Feb 14-17	International Men's and Boy's Wear Exhibition (021 705 6707)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan 8-14	International Showmen's Fair—SCHAUSTELLER (01-409 0956)	Dusseldorf
Jan 11-14	Middle East Food and Equipment Show—MEFEX (01-486 1951)	Bahrain
Jan 14-25	Boat Show (01-439 3964)	Paris
Jan 19-22	Europipe '82—Construction and Maintenance of Pipelines Exhibition and Conference (0727 63213)	Basle
Jan 22-31	International Commercial Motor Show (02298 11 11)	Geneva
Jan 24-28	Middle East Construction Exbn. and Conference (01-835 8200)	Dubai
Jan 25-31	Do-it-yourself exhibition—KARWEI (01-486 1951)	Utrecht
Jan 29-31	International Boat Show (01-486 1951)	Malmo
Feb 5-14	International Boat Show (01-486 1951)	Helsinki
Feb 9-18	Equipment and apparatus for drug production and testing exhibition (01-235 2423)	Moscow
Feb 10-13	International Trade Fair for Household Appliances, Fittings and components—DOMOTECHNICA (01-409 0956)	Cologne
Feb 13-16	International Trade Fair for Watches, Jewellery and Silverware—INHORGENTA (01-486 1951)	Munich
Feb 13-16	Science and Technology Exhibition (SATEX) (01-773 0938)	Riyadh
Feb 15-18	Middle East Machine Maintenance, Light Engineering and Handling Show—MEM (01-486 1951)	*Bahrain*

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Jan 11-12	Institute of Personnel Management: The Secretary in Personnel Management (01-946 9100)	Whites Hotel, W2
Jan 11-13	The University of Leeds: Textile design in the eighties conference (0532 35036)	Leeds
Jan 19	CBI: Jordan—the new 5 year Development Plan (1981-86) (01-379 7400)	Centre Point, WC1
Jan 19-21	Crown Eagle Communications: UK Government Contracts (01-636 0617)	Churchill Hotel, W1
Jan 20-21	FT Conference: World Coal Markets (01-621 1355)	Inter-Continental Hotel, W1
Jan 21-22	The Economist: Europe and Japan—Competition, Collaboration or Confrontation in the 1980's? (01-839 7000)	Europa Hotel, W1
Jan 25-29	London Business School: Management within the law (01-262 5050)	Regents Park, NW1
Jan 25-29	Manchester Business School: The Micro-chip Society—planning for the future (061-832 7972)	Selsdon Park
Jan 26	ESC: Pricing for profit (057282 2711)	International Hotel, SW5
Jan 27-29	ESOMAR/EFMA: How research can help financial organisations communicate internally and externally (01-251 4549)	Rome
Jan 27-28	Meridian Conferences: Capitalise on Communications (01-670 5400)	Bowater Conference Centre, Knightsbridge
Jan 28	Dun and Bradstreet: *More Effective Collection Techniques for Credit Controllers and Supervisors* (01-247 4377)	Café Royal, W1
Jan 28	Marketing Society: Media—The Inside Track (01-543 5191)	Piccadilly, W1
Feb 1-2	Metal Bulletin Congresses: Middle East Metals and Minerals (01-633 0525)	Dubai
Feb 1-2	The Institution of *Mining* and *Metallurgy World Oil* Mining Symposium (01-580 3802)	Mount Royal Hotel, W1
Feb 2	Oyez: Company Finance for the Executive Secretary (01-242 2481)	Portman Hotel, W1
Feb 3-4	FT Conference: The Seventh Pensions Conference (01-621 1355)	Grosvenor House, W1
Feb 4	IPS: Energy (0990 23711)	Tower Hotel, E1
Feb 9-10	FT Conference: The *Euromarkets in 1982* (01-621 1355)	Inter-Continental Hotel, W1
Feb 9-12	Offshore South East Asia Conference (01-546 5144)	Singapore
Feb 10-11	Spearhead Exhibitions: UK Offshore Safety Conference (01-549 5831)	Eastbourne
Feb 15-17	AMR International: Management Skills and Techniques for Women in Business (01-262 2732)	Kensington Hilton Hotel
Feb 16-17	Crown Eagle Communications: Gaining Value from Overhead Costs (01-636 0617)	Hilton Hotel, W1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

APPOINTMENTS

NatWest chairman joins NEDC

Mr Robin Leigh-Pemberton, chairman of National Westminster Bank, has been appointed a member of the NATIONAL ECONOMIC DEVELOPMENT COUNCIL. He succeeds Sir Jeremy Morse, chairman of Lloyds Bank, who has served as one of the Confederation of British Industry's six-strong team on the NEDC for the past four years.

Mr Leigh-Pemberton became chairman of the National Westminster Bank in April 1977. He was appointed to the Bank's south-east regional board in 1970, joined the main board in 1972, and became a deputy chairman in 1974. He was in practice as a barrister from 1954-60 and is a member of the Inner Temple. He is a fellow of the Institute of Bankers and was elected a vice-president in May 1979.

★

Mr David R. M. Carnegie is appointed a director of BROWNLEE from January 1.

★

Mr M. J. Ware, Department of Industry, has been appointed to succeed Mr K. A. T. Davey as solicitor and legal advisor to the DEPARTMENTS OF THE ENVIRONMENT AND TRANSPORT. Mr Ware will join DOE/DTp on January 1 in his present grade of under-secretary and will be promoted to deputy secretary when Mr Davey retires in June 1982.

★

RUDOLF WOLFF AND CO states that Mr F. F. Wolff, retires as chairman on December 31 and Sir Peter Gadsden has been appointed non-executive chairman in his place.

★

Mr E. Norris retires on December 31 after almost 44 years' service with the HARTLEY COOPER GROUP. He will be succeeded as chairman of Hartley Cooper Holdings by Mr John E. Jewiss.

★

Mr C. M. Evans has been appointed an executive director of SEDGLEY STEELS from January 1.

★

At BRAID GROUP Mr W. C. G. Cartwright retires as managing director but remains on the board as a non-executive director and as deputy chairman. Mr T. J. Walton is appointed managing director. Mr S. A. Jones retires and Mr C. H. Bush (assistant managing director—North West Securities) is elected a non-executive director.

★

Two directors have been appointed to the FLEXIBOX INTERNATIONAL group. Mr David Lamb becomes international director, responsible for companies in Australia, Brazil, Canada, Japan, Mexico, Singapore and the U.S. He joins Flexibox from Brown Boveri Kent where he was a divisional marketing director.

Joining Flexibox as technical director is Mr Keith Wright, who moves from the Burmah-Castrol refinery at Ellesmere Port where he was technical superintendent.

★

Mr Rory Sweetman and Mr Nicholas E. E. Stephens have become partners in ALBERT E. SHARP AND CO., members of the Stock Exchange, Birmingham.

★

Sir Hugh Lockhart-Mummery has been appointed a director of the MEDICAL SICKNESS FINANCE CORPORATION. He replaces Mr S. P. Meadows, who retired.

TECHNOLOGY

EDITED BY ALAN CANE

Year when computers become the 'experts'

TECHNOLOGY is at the blunt end of discovery. By the time a technological product or process is ready to market, the science on which it is based is old hat and the sharp corners have been refined away.

So, compared with pure science, "surprises per megabuck" are few. The money has to be spent—woe betide the firm that cuts its investment in research and development—but true technological breakthroughs—the invention of the transistor, the insertion of a foreign gene into the hereditary material of common bacteria of the intestinal tract — are few and far between.

Technology tends to substitute the buzzword for the breakthrough. This year is, of course, Information Technology Year, the UK's somewhat belated effort to pay due attention to what is becoming the dominant technology of the late 20th century, but Information Technology is itself a buzzword, difficult to define except in the most general terms.

It is agreed, however, that it is to do with the application of computer techniques to the collection, assimilation, processing and distribution of information. The computer industry itself is rich in buzzwords.

Network

Some years ago the "in" phrase was distributed processing, the idea of distributing computer power through a company rather than locking it away in data centres.

Then there was convergence, the coming together of computing, telecommunications and office systems. Last year, the phrase was the LAN, the local area network.

Once you had distributed your computer power through your company by adding intelligence to office machines all that computery had to be tied together, somehow. The LAN was the proposed answer.

This year's buzzwords? My money is on "expert systems" and "flexible manufacturing systems."

Expert systems can hardly fail to make news to judge from the number of conferences, seminars and articles already devoted to the topic.

The principle is best illustrated, perhaps, by the oldest computer joke of all. It concerns an FBC built by an international team of computer engineers (FBC is an American buzzword I learned from an IBM salesman: it stands for fancy big computer).

The engineers pour every scrap of human knowledge into their masterpiece and, searching for a suitable bench mark, ask it: "Is there a God?" It replies: "There is now." What the engineers had created was the ultimate expert system.

Initiative

The idea is that rather than using conventional techniques to apply computers to problems—systems analysis followed by computer programming—the computer itself is used to sift out the best solution to the problem from all the expert information available.

Experts systems originated in artificial intelligence research. The concept has been around for a few years now but what has given it a dramatic push forward has been a Japanese initiative to create designs for the "fifth generation" of computers, thereby wresting the lead in computer technology away from the U.S.

The Japanese plans are ambitious and costly; it could take 10 years and cost US$ 400m according to U.S. estimates.

Has the UK any role in the development of expert systems and the computers to run them? Fortunately, yes. Despite a misguided retrenchment in funds for artificial intelligence in the early 1970s, the UK has a number of university centres working on machine intelligence and on parallel processing—computing where several streams of information are processed simultaneously rather than in the strict linear sequence used by most machines today.

The Japanese are looking for collaboration in the development of the "fifth generation"; with the forging of new links in information technology between the UK and Japan (Mitsui is selling the Sinclair ZX81 in Japan; ICL is selling Fujitsu chips in its biggest machines) the new possibilities are enormous.

The Japanese are also leaders in flexible manufacturing systems — basically defined as the "robot factory."

The principle depends on dividing a manufacturing production line into a number of discrete units or "cells," each with two or more computer controlled machine tools serviced by a robot.

Because the machine tools and the robots are programmable, it is possible to develop manufacturing systems able to turn out a wide variety of manufactured *items—and switch from one* kind of product to another very quickly.

The logical conclusion for this kind of system is to link in the design and costing phase — computer aided design to create a virtually unmanned manufacturing system.

Some years ago, the only hint of a UK presence in robotics was Hall Automation, now part of GEC. Now, a number of UK firms are either building robots or selling foreign devices.

Fairey, for example, is selling a range of Italian robots while GEC has formed a subsidiary, Factory Automated Systems Technology, to coordinate its flexible manufacturing activities.

Earlier last year, Tube Investments, one of the UK's principal manufacturing group's, and Taylor Hitec, a small robot builder, an*nounced they were pooling* expertise to attack the flexible manufacturing system market.

And companies such as Kearney and Trecker Marwin, part of the Vickers group, offer both the machinery and advice for companies dipping their toes in FMS waters.

But what of biotechnology, the new wonder industry? No buzzwords for 1982 from that quarter? Perhaps it is simply that "monoclonal antibody" or "RNA polymerase" simply does not roll so trippingly off the tongue as "factory of the future" or "electronic brain."

What is more likely is that the discipline is simply not so ready for the harsh glare of publicity as was the information technology business.

Return

By the time the tidal wave of media coverage hit the silicon chip, it was already well developed and its applications were understood and documented.

The products of the bioengineering industry are neither so well developed, nor their significance so obvious. A whole host of companies, including in this country Grand Metropolitan, the Prudential, Midland Bank, British and Commonwealth Shipping, Davy Corporation, Allied Breweries and CJB have staked a claim on the biotechnology future, but they may have a long wait to see a return on their money.

So much for the year's glamour technologies. What of the rest?

The car industry will continue to try to make its products more cheaply—Fiat last year installed robots for *engine assembly in addition* to its much publicised body welding operation.

It will also continue to work on cutting energy and maintenance costs. Computer aided design techniques will be increasingly employed to capture the most aerodynamic body shapes; plastics and other high-strength, low weight materials will be used increasingly for the body panels.

Novelties, such as the Cadillac reviewed on this page last year, which could run on four, six or eight cylinders according to road conditions and Ford's gas turbine powered car will assume increasing importance.

In the motorcycle world, it will be interesting to see how Honda's turbocharged machine performs in the market place as opposed to the test track.

Simulator

Companies seeking raw sources of energy will, increasingly, use sophisticated technology. Last year Shell and Esso collaborated in the development of an undersea oil production system complete with a maintenance robot which could revolutionise the extraction of oil from the North Sea.

Phillips Petroleum developed a method based on acoustic measurement, underwater television, mooring winch data measurement and docking pipe displacement measurement to position a 100,000-tonne concrete and steel platform above a series of wells already drilled with an accuracy of 6 inches in 314 feet.

But if you have no oil drilling rig but want to try your hand at controlling the roustabouts as the wind gusts to gale force, you can always buy a rig simulator from Rediffusion.

This was the year when simulators—mock-ups of aircraft, ships, helicopters, drilling rigs run by a computer and providing realistic sound, vision and instrumentation really came into their own.

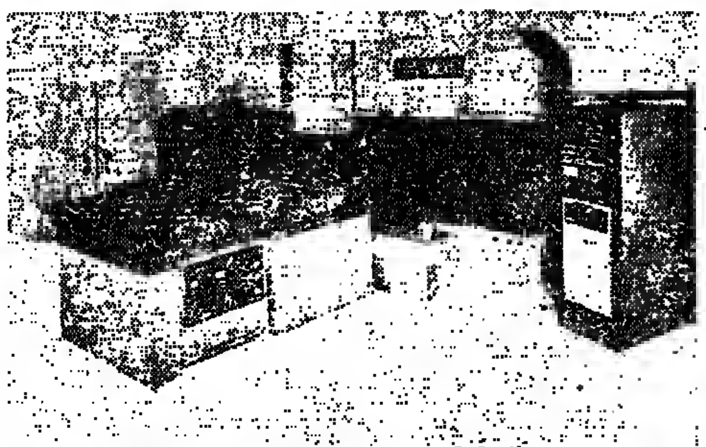
Long used for training pilots, the quality of the visual images produced by the simulators are so excellent, and the cost of training students on the real thing so prohibitive that Rediffusion and its competitors look as if they will have full order books for months building replicas of a variety of machines.

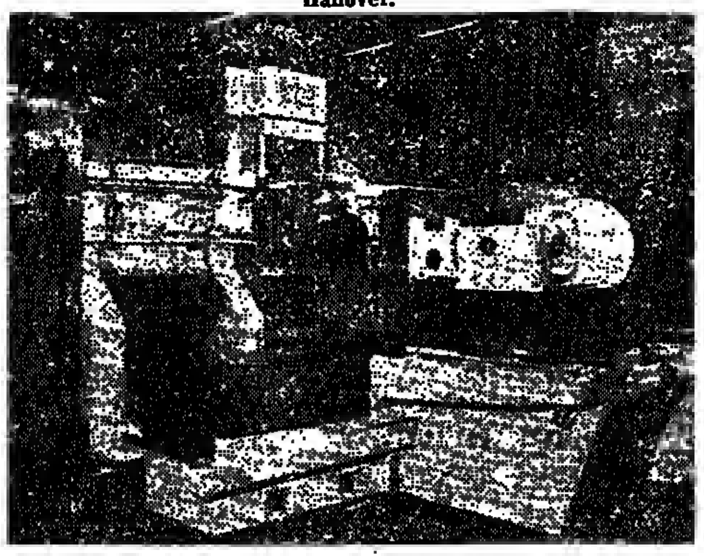
It was also the year when the Alice in Wonderland aspect of digital electronics made itself plain. Nothing is ever what it seems once it is run by a computer.

A voltmeter is no longer a voltmeter, it is a small computer pretending to be a voltmeter; a television set is no longer a television set, it is simply a computer feeding images to a screen.

There is no reason why every gadget running off a microprocessor should not display the time, date and so on. Video cassette recorders do so as a matter of course; Casio builds a time display into one of the cheaper of its electronic keyboard instruments.

One thing I can guarantee is that the software crisis, the problem of getting efficient instructions written to run all those computers, large and small, will get worse rather than better.





THE Whitney Panelmatic 661 CNC fabricating centre and (below) the KTM CNC multi-headchanger unveiled at Hanover.

FIAT'S all-plastic car is expected to have a life of 20 years. Below: an Australian-designed Booleroo, perhaps the answer to moribund motor-cycle technology.

WHAT IS Information Technology? A bottle of champagne for the most original definition received here by January 12. FT staff are not eligible to compete, neither is Kenneth Baker, Minister of Information Technology.

Only last week the Science and Engineering Research Council, the Government body charged with funding research of timeliness and promise in British universities and polytechnics set up a group to study the problem.

The Japanese, long behind in software techniques, are now making great strides so nobody in the information technology business can afford to be complacent.

Software productivity, at present an esoteric industry expression, could become one of the buzzwords of 1982.

BUILDING AND CIVIL ENGINEERING

Walling out the cold

BY DEBORAH PICKERING

UNLIKE double-glazing, storm porches, satin-aluminium sliding patio doors, a householder's investment in insulation is no tribute to the keeping-up-with-the-Jones battle. It is unheralded, unseen and only of benefit to the house occupants' comfort—a secret status symbol.

The same goes for insulating cavity walls — which first appeared in dwellings in the 1870s but became standard practice in new housebuilding just before the first World War. Rather than match bricks (*there was no British Standards guideline*) and hope for workmanship by master craftsmen, it was quicker and easier to construct with cavity walls resulting in our present day inheritance or around 8m still needing to be filled in.

But like double-glazing, loft insulation and home extensions, this sector of the building industry has attracted an army of maverick operators. The one most likely to succeed is backed by the blue-chip name of Shell. It is called Thermocomfort, is installed under strict supervision of the company's inspectors (taking only half a day to inject into an average home) and promises recovery of 35 per cent of heat lost through the outer walls of a house.

Cuts fuel bills

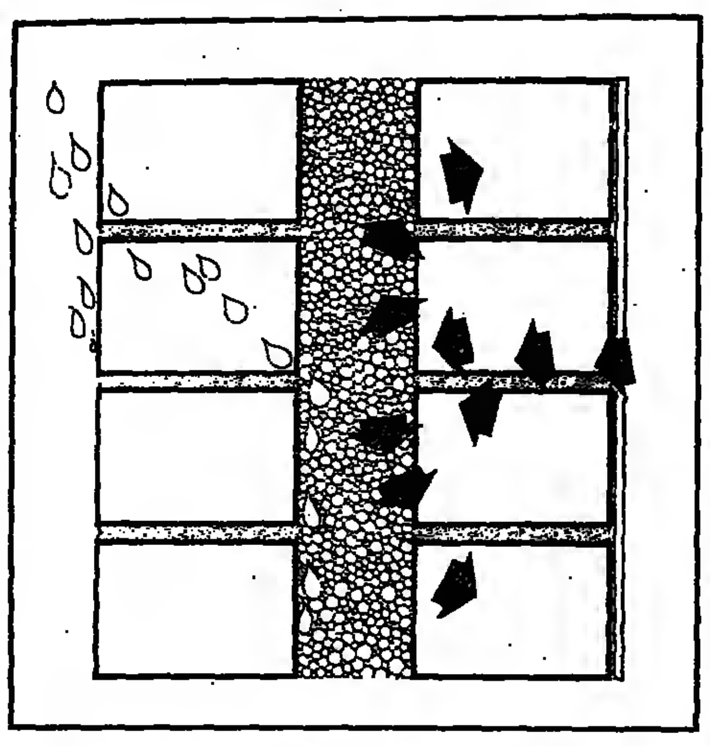
Apart from preventing heat loss, the system is designed to cut typically a quarter off household fuel bills. Centred around an adhesive bonded polystyrene bead fill developed by Shell in Holland, the beads are carefully controlled in size in the UK factory, and their spherical shape and lightness (they have a honeycomb structure) ensures penetration into any cavity to give uniform density and insulation performance.

Installation is carried out by a two-man team injecting the expanded beads, called Thermopearls, into the wall with a compound, both bonded together in a simultaneous operation. Within 48 hours the insulation settles into a solid block (except that there are millions of tiny pockets of air entrapped) and, because of the way the beads are bonded, damp cannot penetrate.

Ironically, the London Electricity Board has recently installed the Shell dry cavity wall insulation in one of its outer-London storage buildings in Kent. Apart from the longer-term economic benefits of applying insulation to a 12,000 square metre wall area, the LEB's primary aim is to provide a stable and evenly distributed temperature within the building that would be unaffected by outside weather conditions.

Hampshire County Council has also used the Shell package at a divisional police HQ and opted for the polystyrene bead fill in preference to other dry methods because the Thermocomfort rigid, self-draining structure will not settle or spill out if either wall leaf is breached.

The council's installation contractor was Francis Insulation of Arundel. Approved contractors' names can be obtained from Shell Thermocomfort, 87 Northbrook Street, Newbury, Berks (0635 30020).



The particular structure of the Shell cavity wall insulation bonded bead system allows the cavity to breathe and moisture to drain away.

No competitive tenders

THE HEATING and Ventilating Contractors' Association is asking the Secretary of State for the Environment to look into the circumstances under which Bournemouth Borough awarded a £2.4m contract to the subsidiary of a Dutch company without competitive tenders having first been invited from British contractors.

Work involves heating, ventilation, air conditioning, water purification and electrical work at the town's West Cliff Centre, and the method by which the contract has been placed is described by the HVCA as "disturbing."

Association members in the south of England are wondering whther the Bournemouth action heralds a new policy of inviting British companies to tender only for small contracts—leaving the big, and potentially more profitable, projects to foreign competitors.

The HVCA sees the borough's action to be contrary to the requirements of EEC Directive 71/305 and may be a contravention of the borough's own standing orders which require tenders to be invited in open competition for work above a specified value.

Tarmac wins £16m

MAJOR WORKS at the National Coal Board's Grimethorpe Colliery, South Yorkshire, is the largest award won in a new batch of work, with a total value of £16m, just announced by Tarmac Regional Construction. The NCB project is for civil engineering works, is scheduled to take just under two years, and is valued at £7m.

Two other important schemes include factory units and ancillary works at Aylesbury, Buckinghamshire for John McCleary and Associates (£3.2m), and an eight-storey office block, multi-storey car park and associated works at Bracknell, Berkshire, for Barratt Properties (£3.1m).

A factory and offices at Wolverhampton for James Gibbon (Format) is worth £342,000, and factory units and external works at Longbenton, Tyne and Wear for English Industrial Estates brings in another £313,000.

Other schemes are an estate road and drainage at Killingbeck, Leeds for the City Council (£262,000); sewers, pumping main and road at East Chevington, Northumberland for the Northumbrian Water Authority (£261,000); and a single-storey workshop, alterations to garages and site works at Seacroft Hospital, Leeds for Yorkshire Regional Health Authority (£245,000).

The housing divison of Tarmac Regional Construction has secured two local authority modernisation contracts. These are for 60 homes at Ashby, Leicestershire for North West Leicestershire District Council, worth £581,000, and another 59 at Mosborough for Sheffield Metropolitan District Council (£306,000).

Finally, the company's refurbishment specialist arm—Refurb—has a £273,000 contract with Barclays Bank at Sutton Coldfield, Warwickshire.

A place in the sun

A HOUSE designed for the American astronaut, James Irwin, gave a Dutch architect the idea for the "astro-unit," a structure which is built around a single column and can be rotated so that it it always turned towards the sun.

This can be achieved manually or automatically and, because the design gives optimum use of the sun's position, a large proportion of the house's energy requirements can be provided with soler panels or solar cells.

The living unit is mounted on a metal column which has a load capacity of 80,000 kg—more than adequate to bear two or more units regardless of type of ground or gradient.

Unit dimensions are six by three by three metres, and the standard model has a living room of over eight square metres, a decent sized hall, kitchen with water heater, bathroom with WC, and a bedroom.

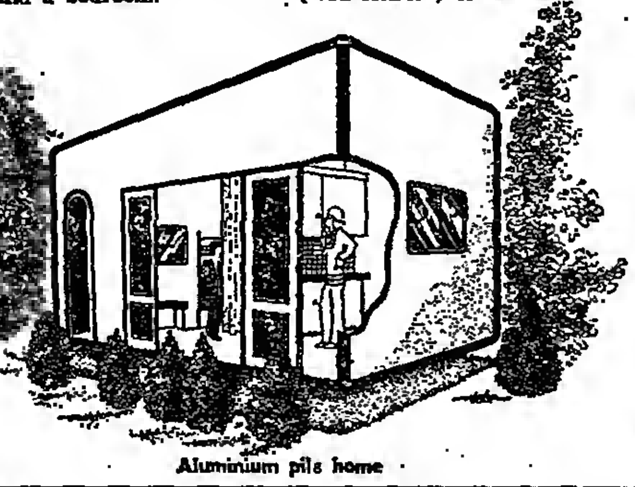
The layout gives way to a number of variations not necessarily confined to housing purposes, and the forerunner has a floor and roof thickness of 100 mm (K value 0.25), with walls 50 mm thick (K value 0.50).

Floor has a load bearing capacity of 400 kg per square metre and the building material is 1 mm thick aluminium applied on either side of Klege-cell insulation. Panels are protected on both side by acrylic paint in order to combat corrosion.

Claimed to have thermal and mechanical properties, this aluminium pile dwelling is said to be resistant to chemicals, termites and rodents.

It is being marketed as a building kit in conjunction with the maker of the building materials, Heiwo of Wolvega.

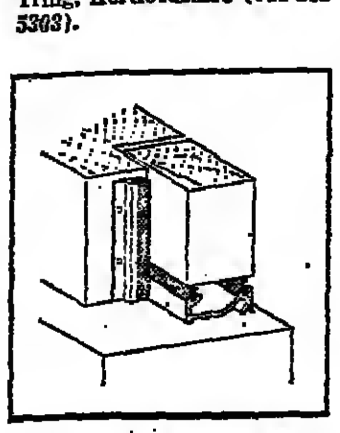
More from the architect: D. Voorhaar, Vermeerstraat 131, 3817 DD Amersfoot (Netherlands) telex 79261.



Aluminium pile home

What's new in building

MADE from a special low profile *aluminium extrusion* is an all-weather double sealing door sill with two flexible seals which tighten together as wind pressure rises and will not affect the easy opening or closing of the door, says Slotseal, Brook Street, Tring, Hertfordshire (044 282 5303).



Double seal threshold sill

Fitted beneath the door, the two seals are so arranged that increasing wind pressure strengthens the pressure of the rubber seals against the door.

Called Exitex, the sill is said to be easily fitted either in new *building* or *renovation* work, whether the existing door sill is wooden, brick or concrete. The extrusion is *simply bedded* upon mastic or cement and held down by *special fixings* into *the door* frame at each end.

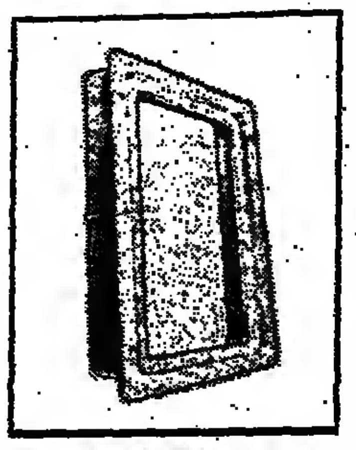
There are no fixings on the door itself and the ugly and inconvenient weather drip, often needed on the outside of the door, is now unnecessary.

DEVELOPED for installation on off-shore rigs and platforms is an anti-fire safety window from A/S Metallvarefabriken of Norway which says it is the only shutterless A-60 window approved by Lloyds Register, Det Norske Veritas, American Bureau of *Shipping*, and Norwegian Maritime Directorate.

Specially *evolved* glass withstands substantial water pressure, at the same time stopping, flames, heat and smoke and reducing noise levels, also providing a safety observation window.

In the event of fire, says UK agent Fuglesang, a fire *protection coating* develops between the sets of glass to fully insulate the room from flames and smoke.

More on 01-930 1485.



Shutterless fire-fighter window

Plant by push button

BUYERS AND sellers of new and second-hand contractors plant will be able to see at a glance what is available, at what price, throughout the world, with the introduction next month of a system from Computafile, P.O. Box 25, Brentford, Middx (01-568 6452).

Plant dealers, makers, hirers, contractors and estimators around the globe can have a direct link to the computer through their own standard international telex or remote printer/visual display unit.

Computafile offers a two tier inquiry service: one produces a list of available plant from about 250 categories, enabling comparisons of cost and models; the second stage gives detailed information of any specific piece of plant including its seller's name and address.

All items of plant, together with a full description and name and address, can be registered on the computer within the UK for £6 per item per 30 days. The cost of each inquiry varies from country to country, but in the UK it will be 75p per minute on line to the computer.

Around the industry

SOUTHWARK COUNCIL has reaffirmed its backing of the £200m Lysander Estates scheme for the 120 acres of Surrey Docks which it feels is vitally important to the people of Southwark, creating up to 8,000 new jobs and providing money for the development of public housing there — probably the only means by which the latter can be achieved in the present financial climate.

The expression of confidence in the project followed reports that the GLC (joint owner of the site) was having second thoughts. A final contract with the development consortium is scheduled for signing next month.

*

WILTSHIERS, THE Kent-based building contractor, has formed four new subsidiaries in London, Winchester, Maidstone and Rochester all of which commence trading from January 1.

The company took the fundamental decision in 1978 to decentralise its activities in order to create separate profit centres that would become clearly identified with the locality in which it worked.

Since then it has gradually and purposefully been restructured and developed to achieve this objective and, says Wiltshiers, the growing strength and size of the regional offices in London, Winchester and Kent now justifies the creation of the locally based subsidiary companies.

*

MRS MOP has come a long way from the cartoonist's image, says the organiser of the Cleaning Maintenance and Buildings Management Exhibition to be held March 30-April 2 at the NEC, Birmingham.

More than £4bn is spent annually on cleaning work, by both direct labour and contractors, throughout the UK, and £1bn of this is spent by government.

This year's exhibition, called Europclean 82, will bring together all sections of the cleaning industry the world over and display the latest machines, access equipment, workwear, washroom products, pressure washing equipment, dry and wet floor mops and ancillary equipment, window cleaning tackle and specialist cleaning chemicals.

Further details from John Lock, Turret Press, 886 High Road, London N12 (01-446 2411).

*

THANKS TO the increased use of stainless steel in the construction industry—and business expansion—George Clark (Sheffield) announces it has now opened a sales and service office at Horton Close Industrial Estate, West Drayton, Middx. (089 54 45623). This is managed by Mr David Bradley.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The long hard road to industrial harmony

Bob Ramsey, former Industrial Relations Director of Ford UK, and the new President of the Institute of Personnel Management, advocates a fresh approach to labour relations

FORD IS a first-class business school—particularly for industrial relations directors. The employee relations issues are tough, and they mirror and magnify the problems facing industry as a whole, both public and private.

The vantage point is extremely unusual. There are plants throughout the United Kingdom, centralised bargaining, and a vast number of suppliers of goods and services whose own problems painfully manifest themselves. Employee relationships and performance can readily be compared with those of affiliated Ford companies in Europe and elsewhere, and one is working as a member of a highly motivated and thoroughly professional *management team facing up to* intense international competition.

One's overriding impressions after 35 years at the sharp end are of the great opportunities available in Britain that were lost in the 1960s and 1970s because of our appalling national industrial relations record. The customer was treated with contempt in the continuous jungle warfare. Precious productive capacity was squandered in perpetual disputes. This prevented the *domestic* creation of wealth necessary for new investment, and it effectively discouraged investment from abroad.

I was keenly aware, particularly throughout the past 12 years as Ford's I.R. director, that if only I had been able to guarantee the orderly and predictable labour relatinnships that my colleagues *overseas* could provide, then increased business and more jobs would have been available. This business would have been available for many suppliers of goods and services as well as for Ford UK.

The fact was that I had to confess that there was no likelihood that plant and equipment in Britain could produce at the same high capacity, reliability and efficiency as it would overseas because of the shortcomings of our own relationships and those of other organisations on whom we were dependent.

I became painfully aware that the need was not just to change attitudes and behaviour in Ford, but in the total *national environment* of which we were a part.

We have a painfully fragmented society and workforce. Despite the recession, and even more so during economic upturns, those *in* employment have immense power to disrupt business operations and the economic life of the nation at little short-term cost to themselves.

Technological advance, the integrated nature of modern business, and the inter-dependence of us all in modern society, place such power in the hands of innumerable small groups of workpeople, particularly *in the public utilities* and in transport and distribution. Quite small disruptions create physical and financial havoc.

Detriment of interests

Very moderate men and women join the trade-union movement for the protection *and benefits* provided by *collective* strength but, having done so, they ally themselves with the members of their sectional interests groups. They then pursue these sectional interests through discussion followed by pressure, or threats of pressure, to the detriment of the longer-term interests of their colleagues, the organisation for which they work, and the nation.

This *sectional* power is usually fuelled by feelings of genuine grievance and injustice. It is allied with a lack nf respect for any *form* of authority which aeeks to obstruct the pursuit of sectional aims.

Furthermore, there *is* a serious lack of understanding of the economic consequences of the employee's actions on short-term profitability and on a company's longer-term reputatinn with its customers at home and overseas.

At Ford, I became convinced that this spread of intense parochialism is the greatest problem facing British society and management in the 1980s because tbe paramount need in an interdependent industry and society is for an ever greater degree of barmonious team working. This has never been more the case than when the West has to face the formidable challenge from Japan and its industrialised neighbours wbo are able to depend upon completely reliable work groups.

Trade unions are too weak to perform their essential role of acting as representatives of organised labour. Their weakness stems first from the fact that the sectional power of their members does not normally need the formal support of a union, or nf its wider membership, to pursue their aims.

This fundamental weakness, to wbich all trade unionism in the free wnrld is potentially prone, has in Britain been *exacerbated by a lack of* recognition by the trade union movement that the resultant disorganised labour movement has wrecked Britain's reputation as a reliable supplier of goods and services.

This lack of perception has led in turn to the perpetuation of the practice of excusing breaches of procedure agreemeots, and to the persistence of the tradition nf maintaining highly emotional opposition to strike-breaking, irrespective of the unconstitutionality of the strike action, the damage it causes, or the triviality of so many of the issues that provoke it.

In addition, the multiplicity nf unions dealing with a single employer and the intense competition for membership and influence has weakened the resolve to exercise leadership.

Finally, the dispersal of anthority throughout the movement and the reluctance to surrender any sovereignty to the TUC makes institutional or pholosopbical reform of tbe movement practically impossible. We desperately need a strong trade-union movement, ready to give leadership.

The role of government and of the law in all this can only be limited. While legislation can provide remedies to protect individual employees, it can offer little, if any, practical help in collective industrial relations issues.

Sophisticated employers do *not, in practice,* tend *to look* to the courts *to* handle their problems. This is partly because use of the courts can severely damage relationships with employees and unions, and partly hecause the lack in Britain of written agreements with sufficient precision to be capahle of enforcement makes legal action impracticable. Above all, determined managements have quicker and more effective sanctions that they can apply themselves.

So it Is np to managements to transform industrial relationships, because only they have the daily contact with tbe workforce and the levers of power *that* are necessary tn create initiatives for cbange. Only their firmness of purpose can create a strong, responsible trade union movement.

The first requirement is for more professional management and team leadership. *Sopbisticated* selection techniques are needed, along with far more job-related, practical management *training,* particularly at first supervisor level. Almost equally important is improved operator training to provide maximum versatility and reliability of employees.

Second, there must be more orderly precision in collective relationships. Large areas of *British management must give* up the expediency and imprecision of existing arrangements, and establish relevant bargaining arrangements and wage structures that embrace otherwise fragmented sectional employee groups.

Iocentive schemes have to be serinusly examined to see if they justify their existence. If they do, they must be an aid to, rather than a substitnte for, good management. Procedure agreements must contain balanced commitments by management and employees. *Disciplinary procedures* must be scrupulously fair.

Tbe third need is for better communications structures and processes. These must fulfil management's nbligation (not just its "right") to cnmmunicate directly tn its workforce — as well as tn trade-union representatives — all tbe key information affecting a business, so that they know as well as management the risks and nbportunities and the *constraints* within which the busioess works.

Finally, there is a need for universal recognition nf the realities of emplnyee power. As soon as customer demand reappears, a style of management is needed that seeks the willing consent of employees tn what bas to be done.

Mutual trust and respect

But here there is the real problem. In my years at Ford, my line-management colleagues, together with the industrial relations staff, worked really hard at all the things I have listed. We gave the unions more strength and greater security by granting exclusive bargaining *rights, automatic "check-off"* of union dues by the employer, a blue-collar membership agreement, better facilities (including those for shop-stewards' elections and agreement ratification votes), and more and more information.

We did, I believe, build mutual respect and a good deal of trust, and we always ultimately settled our problems together. We performed well by the standards of the British environment, but we did not get the real breakthrough in attitudes that we needed to compete in the big international league. Nor did the rest of Britain. So wbat has now to be done?

It may he, of course, that we cannot overcome our deep divisions. There is ample evidence that British workpeople cannot be coerced into the permanent constructive co-operation we require. But given our tragic political polarisation, British management must arm itself with some universally shared coovictions of real depth in nrder to attempt to win over the hearts and minds of tbe workforce and their representatives.

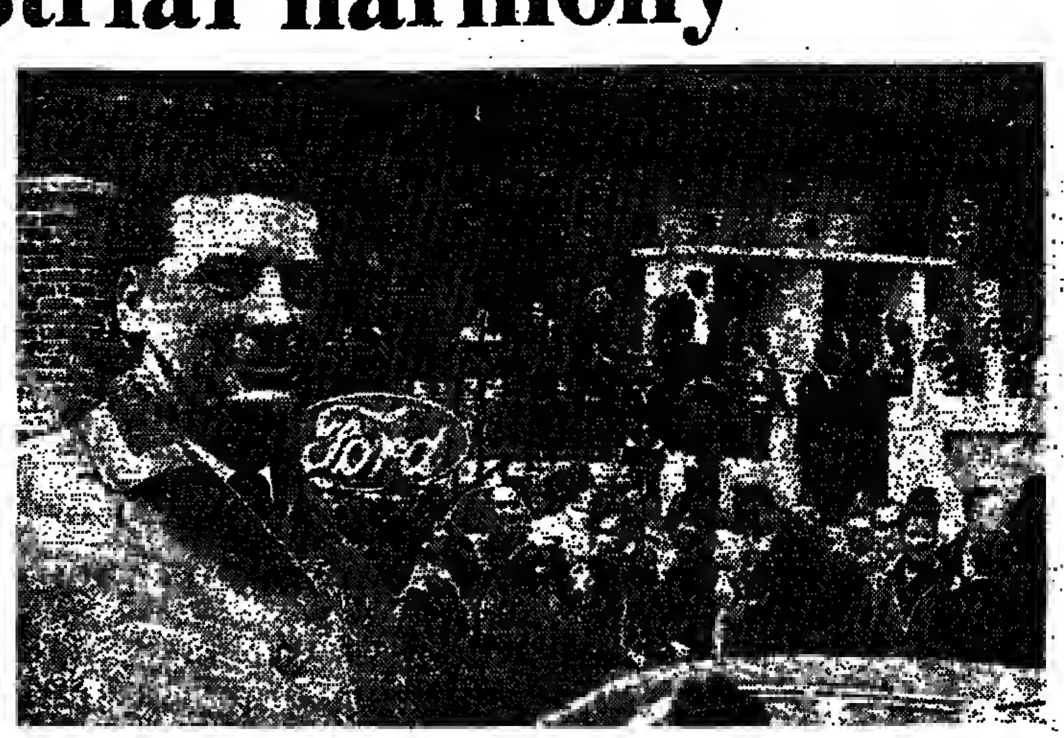
The first of those convictions has to be that short-term profitebility, expediency and fire-fighting must be suhordioated to long-term strategy, planning and profitability.

Thus education and training has to be a first cbarge on business and national income to provide high quality management, and a better future workforce through the planned preparation of young people for wnrking life and thrnugh adult retraining to cope with technological cbange.

Then we must also completely rethink the role of the ordinary shopfloor operatnr, the maker of pieces, so that instead of being thought nf as the alienated failure nf nur society at the bottom of the heap, be becomes tbe key employee who can do most things connected witb his job instead of requiring an army nf checkers and helpers.

Finally, I believe that management, while working relentlessly to achieve international competitiveness, must collectively plan to tackle unemployment. It needs to be able to estimate the kind of employment levels that will result from the co-operation it seeks, thus establishing what the residual problem is likely to be and what consequent national plans and resources are needed to tackle it.

We must use our expertise to make all those things happen throughout Britain—the nuts and holts initiatives to produce order and precision in relationships and the more exciting initiatives designed to convince workpeople, men and women, white and coloured, that management can not only take the tough decisions necessary for business survival, but can also examine the social consequences of those decisions and come up with imaginative plans for hnw it and government can tackle them.



Bob Ramsey: "There is a serious lack of understanding of the economic consequences of the employee's actions on short-term profitability and on a company's longer-term reputation with its customers"

Management abstracts

Executive stress. F. B. Mickel in Management Accounting *(U.S.), Apr 81: p. 15 (8 pages,* hibliog.)

Explores the nature of executive stress; focuses on 'workaholics' who appear to welcome stress but who may push themselves into ill health; describes steps that companies and individuals can take to reduce harmful stress. Written by a self-styled 'workaholic' who suffered a coronary.

Short-term forecasting and stock control. G. Burton + T. Ali in Accountancy (UK), Jun 81: p. 103 (2 pages, chart)

Points to limitations in the exponential smoothing approach to predicting stock and manufacturing requirements from sales data; explains how MK Electrics (electrical accessories) is said to have achieved mnre accurate forecasting by, e.g., using order data rather than sales data, averaging out months affected by price increases, and using a low fixed value for the smnothing factor.

Using consumer issues for competitive advantage. B. W. Becker in Business Horizons (U.S.), May/Jun 81: p. 43 (5 pages)

Taking pollution as an example, describes how companies can respond to consumer issues through product, pricing, distribution and promotion strategies which at the same time improve competitiveness.

The management of organisational crises. J. D. Ford in Business Horizons (U.S.), May/Jun 81: p. 10 (7 pages, chart)

Identifies cbaracteristics nf an organisational crisis, suggests why crises occur, and describes typical responses; discusses coping actinns, e.g. improving understanding nf informal ways of communicating/liaising.

The art of firing. M. Axmith in Business Quarterly (Canada), Spring 81: p. 36 (10 pages)

Discusses how a severance policy and a sympathetically-conducted termination interview can reduce the pain—to both parties—involved in firing a manager. Suggests how a 'relocation consultant' can help tn defuse the situation aod how management should handle the departure.

Holidays in industry. E. May in Manager Magazin (Fed. Rep. of Germany), May 81: p. *51* (2 pages, in German, English version available)

Demonstrates that although German industry is actively thinking about how to phase in the ever-growing holiday entitlement of employees, no single solntion bas emerged or is on the horizon. Volkswagen sends 56,000 away at the same time, with a band playing them off the premises; Ford closes the works for four weeks—yet Daimler-Benz doesn't think this a feasible proposition at all. Gives an account of attitudes in other industries.

These abstracts are condensed from the abstracting journals published by Anhar Management Publications. Licensed copies of the nriginal articles may be nbtained at £2.50 each (including VAT and p and p; cash with order) from Anhar, PO Box 23, Wembley, HA9 8DJ.

TELEVISION

Chris Dunkley: Tonight's Choice

Two new batches of established BBC-1 programmes start tonight—Dr. Who with Peter Davison, famous as the young vet in "*All Creatures Great And Small*," taking over the title role, and Last Of The Summer Wine—as well as six entirely new series. Of these the most significant is Police on BBC-1.

When Roger Graef made "The Space Between Words" and other ultra-purist fly on the wall documentaries he did much to establish the school of programme making which later created "Hospital," "Sailor," "Strangeways" and so on. Now Graef himself and cameraman/director Charles Stewart have spent nine months with the Thames Valley Police in Reading to make Police. Tonight's episode finds the men of E-Division dealing with drunks on New Year's Eve.

In transmission order the other new series are **Riverside** on BBC-2, a rock culture programme for teenagers; **Maestro** on BBC-2 which looks at great sports stars, starting with Stirling Moss; **Let There Be Love** on ITV, a situation comedy with Paul (Yes Minister) Eddington; BBC-1's **A Bright Brand New Day** which revisits the Irish children seen in the excellent 1974 documentary "Children In Crossfire"; and the first of a four-part series which seeks to reveal the world of dance through the eyes of dancers, **Dancing Girls**.

BBC 1

11.15 am See Hear! 11.40 The Hardy Boys and Nancy Drew Mysteries. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.00 "South of Algiers," *starring* Van Heflin and Wanda Handrix. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy. 4.25 Jackanory. 4.40 Playhouse. 5.05 Newsround. 5.10 Blue Peter.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide, including "Watchdog."
6.55 Doctor Who starring Peter Davison.
7.20 The Rockford Files starring James Garner.
8.10 A Bright, Brand New Day . . .? The second of two films about children in Northern Ireland.
9.00 News.
9.25 Last of the Summer Wine, starring Bill Owen, Peter Sallis and Brian Wilde.
9.55 Police (series filmed over nine months inside the Thames Valley Constabulary).
10.40 Film 82 Special: Paul Newman and Joanne Woodward in conversation with Iain Johnstone.
11.25 *Now* Get out of That.
11.55-12.00 News Headlines.

BBC 2

11.00 am Play School.
11.25 Play it Safe!
†3.55 pm Star Movie: "The Great Lie," starring Bette Davis.
†5.40 Undersea Kingdom.
6.15 Maggie.
6.40 The Sorcerer's Apprentice.
7.05 News Summary.
7.10 One Hundred Great Paintings.
7.20 Riverside.
7.55 Maestro.
8.25 Randy Crawford in concert at the Theatre Royal, Drury Lane.
9.00 Three of a Kind.
9.30 Dancing Girls.
10.20 Arena.
10.45-11.35 Newsnight.

LONDON

9.30 am Where the Curlew Calls. 9.55 "The World of Suzie Wong," starring William Holden. 12.00 Cockleshell Bay. 12.10 pm Rainbow. 12.30 Do It Herself. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Farmhouse Kitchen. 2.00 Money-go-Round. 2.30 Monday Matinee: "Lassie: A New Beginning." 4.15 Dangermouse. 4.20 Graham's Ark. 4.45 Book Tower. 5.15 Mr and Mrs.

5.45 News.
6.00 Thames News
6.20 Help! with Viv Taylor Gee.
6.30 Mr Merlin.
7.00 Wish You Were Here . . .? Judith Chalmers reports from Canada; Chris Kelly visits Stratford-upon-Avon.
7.30 Coronation Street.
8.00 Let There Be Love, *starring* Paul Eddington and Nanette Newman.
8.30 World in Action.
9.00 Best Sellers: Rock Hudson and Suzanne Pleshette in "The Star Maker," Part 1: "Dawn."
10.00 News.
10.30 Best Sellers: "The Star Maker" (continued).
11.20 Thriller: Diana Dors in "The Devil's Web."
12.40 am Close: "Sit Up and Listen" with Steve Race.

ANGLIA

8.30 am Larry the Lamb. 9.45 Clegg's People. 10.10 Feature Film: "Kidnapped," starring Michael Caine and Trevor Howard. 1.20 pm Anglia News. 2.30 Monday Film Matinee: "Tarzan Goes to India," starring Jock Mahoney. 5.15 University Challenge. 8.00 About Anglia. 6.30 Survival. 11.15 Johnny Mathis in Concert. 12.15 am Reflection.

CENTRAL

9.35 am Thunderbirds. †10.25 John Mills: Star of the Week: "Above Us The Waves." 1.20 pm Central News. 2.00 John Mills: Star of the Week: "Sky West and Crooked." 3.45 Money-Go-Round. 6.00 Central News. 11.15 Central News. 11.20 Paris By Night. 11.50 Something Different.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.30 The Monday Matinee: "The Girl in The Empty Grave." 5.15 The Gaffer. 5.00 Channel Report. 8.30 The Two Of Us. 10.28 *Channel Late News.* 11.15 Golfing Greats. 11.45 Some Of Our Airmen Are No Longer Missing. 12.40 am News and Weather in French.

GRANADA

9.30 am Animated Classics. 10.15 Untamed World. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.30 Monday Matinee: "Carry On Cabby," starring Sidney James and Hattie Jacques. 5.00 Granada Reports. 5.30 Mr Merlin. 11.20 Johnny Mathis in Concert.

HTV

8.35 am Sesame Street. 10.?? "The Great St Trinian's Train Robbery," starring Dora Bryan and Frankie Howerd. 1.20 pm HTV News. 2.30 "Wonder Woman," starring Cathy Lee Crosby. 3.55 Jousting. 5.15 Different Strokes. 6.00 HTV News. 10.28 HTV News. 11.15 Off the Record.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 Mr Magoo. 4.45-5.15 Ser. 5.00 Y Dydd. 5.30-7.00 Report Wales. 8.30-9.00 Yr Wythnos. 11.15-11.45 World In Action.

SCOTTISH

0.35 am Cockleshell Bay. 8.45 Rainbow. 10.00 Danger Mouse. 10.05 *Graham's Ark.* 10.30 "*Rockets Galore,*" starring Jeannie Carson, Donald Sinden, Roland Culver and Noel Purcell. 12.00 Scotland Today Special. 12.30 pm Allstair—One Man and His Band. 1.20 Scottish News Headlines and Road and Weather Report. 1.03 The Talking Whale. †2.30 "The Man Who Shot Liberty Valance," starring James Stewart, John Wayne, Vera Miles and Lee Marvin. 5.00 Scotland Today/Crimedesk. 6.2? Now You See It. 8.00 Marie Gordon Price in Concert. 11.20 Gretchen—Gretchen Cryer. 11.50 A Journey Through the Mod. 12.35 am Late Call.

TSW

8.30 am Sesame Street. 10.30 Vicky the Viking. 10.55 Paint Along With Nancy. 11.20 Hands. 11.?? Larry the Lamb in Toytown. 1.20 pm TSW News Headlines. 2.30 "The Girl In The Empty Grave," starring Andy Griffith. 4.12 Gus Honeybun's Magic Birthdays. 5.15 The Gaffer. 6.00 Today South West. 8.30 The Two Of Us. 10.32 TSW Late News and Weather. 11.15 Golfing Greats. 11.45 Some Of Our Airmen Are No Longer Missing. 12.40 am Postscript. 12.45 South West Weather and Shipping Forecast.

TVS

9.30 am Survival. 9.55 The Beachcombers. 10.20 Fanglace. 10.45 Tarzan. 11.35 Joe 90. 1.20 pm TVS News. 2.30 Monday Matinee: "True As A Turtle," starring John Gregson. 5.15 Watch This Space . . . That Monday Evening Feeling. 5.30 Coast to Coast. 6.00 Coast to Coast (cont.). 8.30 Duran Duran. 11.20 Thriller: "The Savage Curse."

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 George Hamilton IV. 9.55 The World We Live In. 10.20 Cartoon Time. 10.35 Stingray. 11.00 Sesame Street. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee: "The Master of Ballantrae," starring Errol Flynn. 5.15 Happy Days. 6.00 North East News. 6.02 Three Little Words. 6.30 Northern Life with Tom Coyne. 10.30 North East News. 11.15 Lou Grant. 12.10 am Men of Loyola.

YORKSHIRE

9.30 am European Folk Tales. 9.40 Focus on Wildlife. 10.05 The Beachcombers. 10.30 "Oliver Twist." 11.55 Wattoo Wattoo. 1.20 pm Calendar News. †2.30 Monday Matinee: "Vacation From Marriage." 6.00 Calendar. 6.30 Enterprize '82. 11.15 "Death Flight 901—The MT Erebus Disaster."

RADIO

RADIO 1

(S) *Stereophonic broadcast*
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 6.00 Peter Powell. 5.30 Newsbeat. 7.00 Stayin' Alive with Andy Peebles. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 8.00 David Symonds with Much More Music (S). 8.00 Folk On 2 (S). 9.00 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.00 The Law Game. 10.30 Star Sound with Nick Jackson. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Mendelssohn (S). 10.00 American Music for Organ (S). 10.35 "Winterreise" (S). 11.50 British Music (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.00 The Songs of Mussorgsky (S). 3.30 New Records (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Aspects of the Blues. 7.30 BBC Welsh Symphony Orchestra concert, part 1: Mozart, Hoddinott (S). 8.15 The 2003 Claret (story by Kingsley Amis). 8.35 Concert, part 2: Beethoven (S). 9.25 Brahms piano recital (S). 10.00 *Beowulf (abridged reading, in six parts).* 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 A Bach Motet (S).

RADIO 4

5.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today. 8.35 The Week on 4. 8.45 The Widower by Georges Simenon. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way visits Wembley Arena for "*Holiday on Ice 82.*" 11.50 Poetry Please! (S). 12.00 News. 12.02 pm You And Yours. 12.27 Nashville (S). 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.35 Back In Ten Minutes. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 The News Quiz of the Year (S). 7.00 News. 7.05 The Archers. 7.20 Start the Week with Richard Baker. 8.00 The Monday Play (S). 9.00 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

Analysis of bank advances and acceptances

to UK residents by banks in the UK at November 18 1981; as Table 5 in the Bank of England Quarterly Bulletin.

£m		Total to UK residents: Total	of which in sterling	of which in foreign currencies	Financial: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1981 Aug 19	32,179	31,078	1,101	2,368	2,173	233	1,046	1,089
	Nov 18	34,035	32,854	1,181	2,381	2,206	200	1,106	1,075
Scottish clearing banks	1981 Aug 19	4,261	3,984	277	426	376	135	105	186
	Nov 18	4,524	4,231	293	442	393	153	112	178
Northern Ireland banks	1981 Aug 19	878	878	—	37	37	2	31	5
	Nov 18	865	864	—	40	40	2	34	4
All banks	1981 Aug 19	72,691	59,885	12,805	11,818	8,291	2,022	2,557	7,239
	Nov 18	77,446	63,909	13,537	12,656	8,608	2,034	2,710	7,912
of which in sterling	1981 Aug 19	59,885			8,291		1,955	2,300	4,036
	Nov 18	63,909			8,608		1,988	2,437	4,183
Changes: in sterling	1981 May/Aug	+3,487			+386		+8	+127	+251
	Aug/Nov	+4,024			+317		+33	+137	+147
in foreign currencies adjusted for exchange rate effects§	1981 May/Aug	−143			+179		−1	−24	+204
	Aug/Nov	+1,058			+619		−19	+22	+617

		Manufacturing: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1981 Aug 19	8,473	7,965	1,132	826	454	781	1,852	459	484	685	1,800
	Nov 18	8,423	7,923	1,292	890	489	770	1,806	437	420	632	1,687
Scottish clearing banks	1981 Aug 19	824	776	189	72	42	42	126	115	21	80	137
	Nov 18	931	878	228	117	46	48	145	121	21	64	143
Northern Ireland banks‡	1981 Aug 19	130	129	38				42			21	29
	Nov 18	121	121	34				37			19	31
All banks	1981 Aug 19	18,455	14,804	2,853	2,931	976	1,614	3,342	689	1,310	1,162	3,578
	Nov 18	18,897	15,305	3,246	3,273	1,045	1,586	3,246	672	1,129	1,132	3,568
of which in sterling	1981 Aug 19	14,804		2,279	2,023	816	1,338	2,676	664	1,135	1,036	2,837
	Nov 18	15,305		2,633	2,392	885	1,347	2,635	633	957	1,006	2,817
Changes: in sterling	1981 May/Aug	+393		−19	−89	+13	+150	+20	−5	+146	+16	+160
	Aug/Nov	+501		+354	+369	+69	+9	−41	−31	−178	−30	−20
in foreign currencies adjusted for exchange rate effects§	1981 May/Aug	+25		−58	−22	+18	+13	+63	—	+22	−8	−4
	Aug/May	+27		+53	−6	+5	−31	−42	+15	+2	+4	+28
Advances only: All banks	1981 Aug 19	16,673	13,052	2,498	2,581	822	1,478	3,155	688	1,137	1,046	3,269
	Nov 18	16,433	12,909	2,746	2,737	841	1,368	3,022	664	905	991	3,160

		Other production: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	Persons: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1981 Aug 19	4,510	4,456	2,642	290	1,578	8,109	8,100	2,768	5,340
	Nov 18	4,651	4,522	2,670	316	1,665	9,034	9,028	3,436	5,598
Scottish clearing banks	1981 Aug 19	949	868	709	97	143	807	804	257	550
	Nov 18	920	838	663	102	155	919	915	328	591
Northern Ireland banks	1981 Aug 19	248	248	192	5	51	193	193	51	143
	Nov 18	238	238	183	5	50	189	189	52	137
All banks	1981 Aug 19	8,265	7,061	3,688	2,089	2,487	11,593	11,543	3,816	7,777
	Nov 18	8,523	7,165	3,860	2,261	2,603	12,871	12,816	4,721	8,150
of which in sterling	1981 Aug 19	7,061		3,680	1,038	2,363	11,543		3,809	7,734
	Nov 18	7,165		3,637	1,105	2,423	12,816		4,714	8,102
Changes: in sterling	1981 May/Aug	+266		+234	+31	+1	+1,207		+600	+607
	Aug/Nov	+104		−23	+67	+60	+1,273		+905	+368
in foreign currencies adjusted for exchange rate effects§	1981 May/Aug	+97		−1	+101	−3	+1		−1	+2
	Aug/Nov	+187		−5	+132	+60	+7		—	+6

		Services: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1981 Aug 19	8,720	8,384	671	214	100	2,025	1,650	4,060
	Nov 18	9,545	9,175	756	271	67	2,237	1,714	4,500
Scottish clearing banks	1981 Aug 19	1,255	1,160	156	45	122	198	181	554
	Nov 18	1,312	1,207	190	31	115	224	172	580
Northern Ireland banks‡	1981 Aug 19	270	270		17	9	97	43	105
	Nov 18	277	277		19	8	98	41	111
All banks	1981 Aug 19	22,560	18,186	2,536	934	2,145	3,087	5,411	8,447
	Nov 18	24,499	20,015	2,614	1,360	2,319	3,418	5,483	9,304
of which in sterling	1981 Aug 19	18,186		1,285	601	2,129	3,033	3,205	7,933
	Nov 18	20,015		1,386	954	2,309	3,362	3,250	8,754
Changes: in sterling	1981 May/Aug	+1,235		−49	+230	+266	+192	+249	+346
	Aug/Nov	+1,829		+101	+353	+180	+329	+45	+821
in foreign currencies adjusted for exchange rate effects§	1981 May/Aug	−445		+23	−651	+1	+6	+162	+14
	Aug/Nov	+218		+6	+84	−6	+4	+80	+50

† Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by *Northern Ireland* banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies.

FT COMMERCIAL LAW REPORTS

Withdrawal of consent to possession by notice

PERDANA PROPERTIES BHD v UNITED ORIENT LEASING CO SDN BHD
Privy Council: Lord Diplock, Lord Russell of Killowen, Lord Bridge of Harwich, Sir John Megaw and Sir Owen Woodhouse

WHERE OWNERS of leased equipment notify the lessees *in writing of their intention* to assume immediate possession of the equipment due to the lessees' failure to pay the rent, such notice amounts to a withdrawal of consent to the lessees' continued possession of the equipment.

The Judicial Committee of the Privy Council so held when dismissing an appeal from a decision of the Federal Court of Malaysia arising out of a dispute between the appellant, Perdana Properties Bhd, landlords of trade premises, who sought to distrain for rent arrears on trade equipment used by its tenant, and the respondent, United Orient Leasing Co Sdn Bhd, lessors of the equipment to the tenant.

* * *

LORD RUSSELL OF KILLOWEN delivering the judgment of the Judicial Committee, said that the tenant ran into financial difficulties in 1979 and suffered judgments at the suit of its creditors. On September 3 the equipment, and no doubt other articles at the premises, were seized in execution of those judgments by the bailiff under orders of the Sessions Court. On the same day the lessors of the equipment wrote to the tenant saying, ". . . in accordance with article 21(b) of the lease agreement and also your failure to pay the overdue rents, we hereby . . . give you notice that as owners of the equipment under lease to you, we are assuming immediate possession of our equipment. . . ."

On September 4 the landlord of the tenant's premises took out a warrant of distress for rent arrears. However, that was not pursuant to a relevant court authority, and on September 19, at the instance of the lessors who claimed ownership of the equipment, the High Court discharged the warrant of distress on the ground of their ownership. On the same date the landlord took out a warrant of distress, with the authority of a court order and served it on the bailiff of the *Sessions Court*.

On October 22 the Sessions Court ordered the release of the equipment to the lessors and it appeared that the equipment was released to the lessor by the bailiff pursuant to that order on that date, but immediately afterwards it was, or was purported to be, seized under the landlord's second warrant of distress.

On October 23, the lessors issued an originating motion in the High Court, seeking an order that the equipment be released to them. On November 15, the motion was dismissed with costs but that decision was reversed on appeal to the Federal Court. Final leave to appeal to the Privy Council was granted by the Federal Court on August 4, 1980.

The question to be decided arose under sections 10 and 12 of the Distress Ordinance 1951 (No. 28 of 1951). Section 10 provided: "Where any moveable property . . . of any . . . person . . . not being a tenant of the premises . . . has been seized under a warrant of distress issued to recover arrears of rent due to an superior landlord by his immediate tenant, such . . . person may apply to a judge . . . to release a distrained article."

It was not disputed that the lessor was the owner of the equipment and otherwise fulfilled the criteria of section 10. Thus, there was jurisdiction to order the release of the equipment in the present proceedings to the lessor, if section 10 applied.

It was, however, contended for the landlord, that *section 10* was *excluded by section 12*. Section 12 provided: "The provisions of sections 10 shall not apply . . . to goods in possession, order, or disposition of such tenant by the consent and permission of the true owner under such circumstances that such tenant is the reputed owner thereof."

The short point was whether in the light of the letter dated September 3, it could thereafter be said that the equipment was in the tenant's *possession* by the lessor's consent and permission. Counsel for the landlord accepted that he must surmount that hurdle at the outset.

It was accepted that consent to possession could be effectively withdrawn by a communication simply from the lessor to the tenants, without the need to inform the landlord; but it was contended (1) that for effective withdrawal of consent it was necessary that the lease of the equipment should be wholly determined, which the letter of September 3 did not purport to do; (2) that that letter, in the light of the language of the equipment leases, was, in any event, not an act which would convey to the tenant the fact that consent was withdrawn.

On point (1), their Lordships' attention was drawn to Times Furnishing Co Ltd v Hutchings *[1938]* 1 KB 775, and Smart Bros Ltd v Holt [1929] 2 KB 303, but those two cases did not establish that the consent could not be withdrawn unless the agreement of lease or hire was terminated, and their Lordships did not accept such a proposition. If the letter of September 3 had expressly said, "accordingly our consent to your continued possession of the equipment is hereby withdrawn," there was no reason why that should not have had effect according to its tenor; and in their Lordships' view that express statement was inherent in the letter.

With regard to point (2), it was necessary to look at the clauses of the lease agreement. Article 21 provided that, "Should any one of the following events take place, the lessor may without any prior notice on demand . . . exercise any or all of the remedies as provided for in paragraph (1) of article 17 hereof . . . on the lessee being the subject of any writ of execution or distress. . . ." Article 17 provided that, "(a) If the lessee fails to pay the rent . . . after the same becomes due . . . under this lease agreement . . . the lessor shall . . . have the right forthwith to exercise all or any of the following remedies without having to give any prior notice or demand to the lessee: (b) to take possession of the equipment or demand its return. . . ."

It was contended that the letter of September 3 was a bad notice because it did not fit the language of articles 21 and 17 of the equipment leases. Their Lordships did not accept the relevance of that comment even if it were *justified*. The whole question was whether the letter sufficiently indicated a withdrawal of consent to continued possession of the equipment, and, in their Lordships' opinion, it clearly did. Appeal dismissed.

For the landlord: John Stuart Colyer, QC, Ong Ban Chai and G. S. Nigar (Nabarro Nathanson).

For the lessors: Gerald Godfrey, QC, and Wong Kim Fatt (Coward Chance).

By Rachel Davies
Barrister

INSURANCE

BIA plans summer advertising campaign

BY ERIC SHORT

THE British Insurance Association, in conjunction with the Life Offices Association and the two other life company professional bodies, is to launch an advertising campaign this year that is likely to cost several million pounds.

The BIA says the general theme will be to reinforce the common interests between policy-holders, the public, and the insurance companies. Beyond this bland statement, it will not reveal other details, saying the scheme is still in the planning stage.

It has appointed Saatchi and Saatchi, the public relations company which successfully handled Mrs Thatcher's election campaign, to deal with its project. The result of their combined inspiration should appear on television and in the Press in the summer.

The insurance industry cannot claim many laurels from its previous advertising campaigns. The BIA's first venture into television in the late 1960s ended disastrously.

This campaign centred on a character named Fred whose message was to "get the strength of the insurance companies around you" by taking out adequate insurance.

While the campaign was under way, Vehicle and General Assurance, which had made a spectacular impact on the car insurance market, collapsed and left more than 500,000 motorists without insurance.

Vehicle and General was a member company of the BIA, but the association did nothing to help policyholders except to warn them that they had no insurance and could not drive until they arranged cover with other companies.

The BIA's next venture into advertising was in 1979 when the threat of nationalisation of banking and insurance again became a political issue. This move was adopted as policy by the Labour Party's National Executive Council, and there was strong pressure for it to be included in the party's election manifesto.

The campaign cost about £500,000. It was quite small and confined to the Press. Its theme was the role of insurance and insurance companies in serving the community.

It concentrated on four aspects: the contribution to overseas earnings; its investment in manufacturing and commerce, the service to policyholders in times of trouble, and its role in the country's savings.

The designs used in the advertisement gave all appearance of being put together *quickly and there was criticism* of the style of the message. Nevertheless, the BIA claimed that the Labour Party, if no one else, got the message.

This was to make it clear that if there was a real threat to the freedom of insurance, the companies would fight back. Nationalisation of banks and insurance companies *was not* included in the party's manifesto.

The insurance industry has worked with Saatchi and Saatchi before. It handled last year's *Press campaign by the Life* Offices Association to highlight the advantages of using a life company that was a member of it or of its sister body, the Associated Scottish Life Offices.

The campaign continued throughout most of 1981 and consisted of the same tombstone advertisement—a massive slab of words only—in the daily, Sunday and trade Press. This style was considered uninspired.

The effect can be judged in the next few days when the life companies report their 1981 new business figures. Preliminary indications show it has not affected the business of life companies which are not members of the Life Offices Association.

The BIA has said it will reveal details of its campaign *as soon as possible*, although this may not be until it is about to be launched. It is to be hoped it will have more success than previous ventures.

Night Nurse tonic

RACING

BY DOMINIC WIGAN

NO 11-year-old has won the Gold Cup since Mandarin, but Mr Reg Spencer and Peter Easterby now have grounds for thinking that Night Nurse can, at that same age, become the first gelding to complete the Champion Hurdle-Gold Cup double.

In winning *the Mandarin* Chase at Newbury on Saturday, Night Nurse almost certainly put up the best performance seen by a Gold Cup prospect to date this term.

Sound jumping allied to a never-say-die spirit, are now the veteran's chief attributes and it was these assets which were responsible for his landing his 30th race in a jumping career which got off the mark at Market Rasen back in 1974.

Always taking his fences boldly under the steadier of 11 st 12 lb, Night Nurse showed all the courage that has come to be expected of him on the run-in as he snatched back a race which seemed destined for his junior Captain John.

The runner-up, to whom Jonjo O'Neill's mount was conceding 11 lbs, is one of the most improved chasers in training, and Night Nurse's stable companion, Little Owl, will have to be jumping with his old fluency in March if he is to retain his crown.

Turning to today's racing, no problems are envisaged either for Ayr (lost through frost on Saturday) or Nottingham. At the Northern fixture, Night Nurse's handler relies on Cashea in the principal event, the Kilmarnock Chase.

A somewhat unfurnished recruit from Arthur Stephenson's *one-time record-breaking Bishop* Auckland stable, Cashea cannot be ruled out, now that he appears to be returning to peak fitness.

However, it seems significant that O'Neill has opted instead for the already in-form Bobjob. Effective over the minimum trip but ideally suited by a test of stamina in holding conditions, Bobjob did well to run Caravino, to whom he was trying to concede 20 lbs, to a length over 2½ miles at Newcastle last time out. On that showing, he has a chance second to none over this exacting three miles.

On the Midlands course, the somewhat pretentiously titled Nottingham Champion Novices Chase can fall to a recruit to the bigger obstacles, Burrough Hill Lad. Sure to have been well-schooled by Mrs Jenny Pitman, Burrough Hill Lad proved himself a smart hurdler first at Uttoxeter and then at Cheltenham on his only two appearances last season.

AYR
12.45—Manhattan Island
1.15—Final Argument
1.45—Luxuriate*
2.15—Bobjob***
2.45—Hold Off
3.15—Lana's Secret

NOTTINGHAM
12.30—Karaberry
1.30—Brave Jack
2.00—Burrough Hill Lad**

THE ARTS

The theatre in 1981

Keeping back the aces

by MICHAEL COVENEY

The year closed with both major subsidised companies playing their trump cards. However you feel about Peter Hall's production of *The Oresteia*, it has aroused a higher level of critical discussion and public interest than almost anything since the National moved to the South Bank in 1976. (I have not forgotten last year's *The Romans in Britain* whose director, Michael Bogdanov, has been diverted by a prosecution brought by Mary Whitehouse—he goes on trial at the Old Bailey in March.)

Here at last was the National going for broke with a project many months, even years, in the hatching and the result was a triumph of collaboration between director, designer, composer and translator. Greek tragedy experts have been outraged, some critics confused by the use of masks and an all-male cast, but if the National Theatre means anything at all, it surely means the serious attempt to engage with the peaks of world dramatic literature. Bogdanov's revival of Calderon's *The Mayor of Zalamea*, translated by Adrian Mitchell, was another high spot, even if the production appeared fragile on transferring from the Cottesloe to the Olivier.

Occasions like *The Oresteia* are the best possible answer to the grumbling anti-subsidy lobby whose spokesmen (such as Kingsley Amis and George Gale) reiterate their clapped-out arguments from time to time oblivious to the fact that there would be virtually no serious theatre in this country without public support. In a grim year for the Government, it was therefore a great encouragement to find the Arts Minister, Paul Channon, wooing a slight increase in funds available to the Arts Council.

I would like to know from Amis and Gale whom they consider capable of rivalling Trevor Nunn and the RSC when it comes to producing *All's Well That Ends Well*. This was the glorious final show in a disappointing Stratford season: one of the truly great Stratford nights. Peggy Ashcroft returning to Avonside after an absence of 18 years as the Countess in a brilliantly designed version (by John Gunter) of a notoriously difficult piece. The stage hummed with original, non-gimmicky ideas, moving from Chekhovian splendour to a convincing military environment, Helena's "pilgrimage" a mercy dash to wounded soldiers at the front. I hope it looks just as splendid in the RSC's new London base at the Barbican next year (the theatre, seating 1100, is large but intimate, with great long uninterrupted rows of seats, each row with its own entrance, as in the big German houses).

The closure of the Old Vic on May 16 is sad because of the loss of a great house, but times change and there is no real justification for a third subsidised classical theatre in London. An Old Vic company with an alternative, iconoclastic approach (and I do not mean jolly japes à la Young Vic) might be welcome. Say, for instance, the Glasgow Citizens—still the most exciting and enterprising theatre in the land—felt like a move south, they could occupy the Old Vic for six months of the year and be responsible for running a repertoire of visiting foreign and regional companies for the other six. The National should then be encouraged to syphon off some of its grant to support the venture. But I don't see this happening, somehow.

It was a surprisingly good year for musicals in the West End: I enjoyed both *Cats* and *Barnum* at the time, but neither really lives with me down the months. *Cats*, directed by that man Nunn again and choreographed by Gillian Lynne, was the first genuine British dance musical, and *Barnum* an appropriately second-rate hymn to the second-rate showbiz ambitions of the famous impresario. Michael Crawford was irresistible, singing his way along a high wire towards an adulterous relationship with the Singing Nightingale.

Given my aversion to country music, I was agreeably surprised by *The Best Little Whorehouse in Texas* at Drury Lane, but the musical which gave most pleasure was *One Mo' Time!*, a joyous tribute to the New Orleans jazz era with 25 great numbers, a decent book and an atmosphere seeping through the theatre like a heat mist. Less good were *I'm Getting My Act Together and Taking it On the Road* and *The Mitford Girls*, in which Ned Sherrin and Caryl Brahms made the fatal error of mixing standards with sub-standard new material.

The West End offered solid revivals of *All My Sons* by Arthur Miller and *Arms and the Man* by Shaw, neither of which really set me alight. It is the creeping respectability of such productions that I dislike, their denial of what is left of my youth. I do not go to the theatre to be made to feel like an old man, or to be asked to write like one. Three cheers, therefore, for the arrival on the scene of a young producer, Robert Fox, who snapped up Mike Leigh's *Goose-Pimples* from Hampstead and put it into the Garrick (the show was like Greek tragedy in the suburbs, Antony Sher hilarious as an Arab who mistakes the lounge of a car-salesman for a brothel) and then opened his own account with *Anyone For Denis?*, an inspired lampoon that treated Chequers as Brian Rix farce territory.

The best play in Shaftesbury Avenue was Simon Gray's *Quartermaine's Terms*, in which a tatty English language school in Cambridge became a resonant metaphor of England in decline. The production by Harold Pinter was highly polished, the acting—by Edward Fox, Prunella Scales, James Grout and Robin Bailey—as good as any all year. Maggie Smith was superb in Edna O'Brien's *Virginia* at the Haymarket, as was Simon Callow in *The Beastly Beatitudes of Balthazar B* at the Duke of York's. This latter, an adaptation by J. P. Donleavy of his own novel, failed to find a resonant theatrical language for the scintillating prose, but many admired its pluck more than I did.

Callow was also seen to good effect in a sumptuous revival, by David Hare, of Christopher Hampton's *Total Eclipse* at the Lyric Hammersmith and as the foppish Lord Are in Edward Bond's *Restoration* at the Royal Court, a play almost scuppered by Bond's own production but fascinating in its refusal to accept the social history of most Restoration drama at face value. Bond's presumption is anathema to most critics—but I must say a little of his cantankerous inquisitiveness would not have gone amiss on the National's stately revival of *The Second Mrs Tanqueray* in the Lyttelton, which was neither melodramatic fish nor sociological fowl. Why do it at all, except to give members of the Garrick Club a warm interior glow?

Returning to the National, I much preferred Michael Rudman's black *Measure For Measure*, full of carnival high spirits and some very good acting, and the black revival of *The Caretaker*. I hope Rudman does not allow fashionable accusations of tokenism to stick, and brings back Norman Beaton, Oscar James and other fine black artistes into the company. The Cottesloe had a hit-and-miss year and it was disappointing to see Peter Gill's year in the Olivier start magnificently with *A Month in the Country* and dwindle to a routine revival of *Much Ado*, notwithstanding the exceptional performances of Penelope Wilton and Michael Gambon. This was Shakespeare without impulse or passion, two admittedly original star talents operating in a nebulous void.

The Lyttelton transferred the best play of the year, Brian Friel's *Translations*, from the indispensable Hampstead Theatre. Variously hailed as a modern classic, the best Irish play since O'Casey, a theatrical disquisition on structuralism, and an evocative slice of rural history, *Translations* seemed to have everything: in addition, Ian Bannen's bibulous schoolmaster acquired a seedy majesty en route to the South Bank. *Translations*, of course, really dates from last year when it was premiered by Friel's Irish touring company, but its progress to a large stage is one of the year's good stories, and heartening for such as myself who enjoy high quality small-scale work but enjoy seeing the same virtues of integrity and panache growing up in more popular arenas.

That said, along comes the RSC's small Stratford house, The Other Place, with a record that transcended even its own high reputation under Ron Daniels's stewardship. Adrian Noble mounted brilliant revivals of *A Doll's House* and Ostrovsky's *The Forest*, while John Caird and his designer, Ultz, found a fresh and lucid way of tackling Farquhar in *The Twin Rivals*. Everyone who saw Barry Kyle's production of *The Maid's Tragedy*, including B. A. Young, expressed themselves in language of irrepressible enthusiasm.

Alan Howard was magnificent in *The Forest* and also in the late C. P. Taylor's *Good* in the Warehouse. But his Richard II and Richard III (coming to the Aldwych from last year's Stratford season) suggested that Terry Hands's idea of doing all the histories as backgrounds to an actor investigating a role as an actor is wearing a bit thin. Much livelier were Hands's productions of *Troilus and Cressida* and *As You Like It*.

It is one of a critic's functions to remind theatres that other theatres work in different ways that might be worth studying. An actor said to me this year that William Gaskill once saw the Berliner Ensemble in 1956 and no-one at the Royal Court has seen anything else since. Much as I enjoyed the Court's productions of *Touched* by Stephen Lowe and *Borderline* by Hanif Kureishi, there is a real danger of the Court puritanism outliving its usefulness. The English Stage Company (the Court's producing management) celebrated its 25th anniversary with an Irish *The Seagull*, which received rave notices. Similarly trapped in a house style, perhaps, is the Theatre Workshop at Stratford East, which was also 25 years old and fought back strongly in the face of unfounded rumours about losing its grant.

The Mermaid re-opened disastrously with *Eastward Ho!* but rallied by providing a launching pad for *Children of a Lesser God* which Trevor Eve and Elizabeth Quinn carried triumphantly into the West End.

In the regions, the Glasgow Citizens, as usual, led the way with a marvellous season: Marlowe's *The Massacre at Paris*, Vernon Sylvaine's splendid old farce, *Madame Louise*, a revival of last year's reduced Proust, *A Waste of Time* (as brilliant a statement of company policy as the RSC's *Nicholas Nickleby*), and a First Quarto *Hamlet* set in a madhouse.

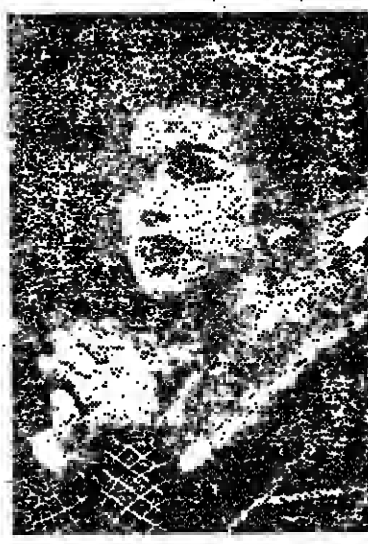
Julie Covington was a compelling *Saint Joan* in Cambridge. The Oxford Playhouse had an unrewarding look at Philip Barry's 1939 *Philadelphia Story* but came up trumps with *Mephisto* (seen later at the Round House). The Royal Exchange of Manchester were also seen to advantage at the Round House, notably in a Max Wall / Trevor Peacock double act in *Waiting For Godot*, Helen Mirren and Bob Hoskins in *The Duchess of Malfi* (Adrian Noble's third fine production of the year) and Tom Courtenay in *The Misanthrope*.

The Oldham Coliseum continued its spectacular run under Kenneth Alan Taylor with a play by Joe Ashton MP, *Majority of One*, and Alan Bleasdale's vasectomy clinic farce, *Having A Ball!* There was an attractive *Rosmersholm* at the Watermill, Newbury, and a stunning production by young Michael Boyd of Ron Hutchinson's *Risky City* at the Belgrade, Coventry. David Hare's *Knuckle* came up gleaming in a production by Rob Walker at Leatherhead.

Other random highlights: *Underneath the Arches*, a hommage to the Crazy Gang, at Chichester, Les Blair's *Four in a Million* in the Theatre Upstairs (Tracey Ullman outstanding), Peter Nichols's *Passion Play* at the Aldwych (one of the top three plays of the year), Mike Weller's *Loose Ends* at Hampstead, the London International Festival of Theatre's presentation of *Mucunaima* from Brazil, the re-opening of the Palace in Manchester, Peter Hall's *A Midsummer Night's Dream* at Glyndebourne (the best opera production I have ever seen), and the take-over of the Liverpool Playhouse by four local writers. Abroad, there was Peter Brook's *The Cherry Orchard* in Paris and the Rustaveli Theatre's centenary in Georgia, USSR. Well, that just about scratches the surface: who says the theatre is dying?


Ian Bannen in 'Translations'


Elizabeth Quinn in 'Children of a Lesser God'


Helen Mirren in 'The Duchess of Malfi'


Simon Callow in 'The Beastly Beatitudes of Balthazar B'

Feminist theatre divides to rule

by ROSALIND CARNE

Foes to women's liberation continue to berate feminists as narrow-minded and humourless. Naturally we scorn such criticism, though women performers still struggle against convention for the courage to amuse. We might find it harder to refute the charge of insularity, and I cannot help sensing it to be oddly appropriate that, of the many feminists shows I have seen this year, the most original and challenging were overseas imports.

Tres Marias y Una Rosa, a naturalistic workshop production by the Chilean group Taller de Investigacion Teatral, arrived at Riverside Studios for a short stint in May. It details the efforts of four women to run a tapestry co-operative in the run-down suburbs of Santiago. Though transcribed by David Benavente, an established Chilean playwright, it remains inextricably linked to female experience and it is this which illumines the work.

An equally impressive newcomer to the London stage was Australia's second best superstar, Robyn Archer. She and director Pam Brighton (home from Canada) devised an outrageous and exciting cabaret for the reopening of the Drill Hall. The show consisted mainly of songs and monologue, with minimal interaction between the three women performers, and a sprinkling of dance. Structure, such as it was, hung on content, not form, and there was no obvious attempt to provide stylistic balance. I found it refreshing not to be bombarded with light interludes, sensing that here was a director who trusted her audience to cope without the traditional ensemble package. Indeed, my principal criticism of current feminist theatre is that, in an understandable concern for the professional and slick, women performers are attempting to compensate for inadequate subject matter with snappy presentation.

Trafford Tanzi, at the Lyric Studio, Hammersmith, closely rivals *Steaming* in stylistic bravura. Of course, feminism abhors competition but comparative assessment is hardly out of place for a show which so successfully adopts the male ethic. I found it noisy, brash and dispiriting. The music was barely average, as in *Female Trouble*. It seems that talented female musicians are shunning the stage in favour of gigs and recording. Indeed, I hear an unconfirmed report that playwright Donna Franceschild (*Soap Opera* and *Tap Dance on a Telephone Wire*) is giving up writing in order to become a full-time musician. I am sorry to hear it, for the score of *Tap Dance on a Telephone Wire* is the weakest aspect of an entertaining and witty show.

Another writer who deserves mention is Timberlake Wertenbaker. Her *New Anatomies* threw the Women's Theatre Group into the unfamiliar territory of Muslim Algeria. Once again, the overseas influence proved beneficial, though over-exposure to the myth of orientalism created a flabby lyricism in the desert scenes. However, and more significantly, the play is strong on ideas, and at its best on the intellectual and political offensive, rather than basking in the shade of period feeling.

First prize for the most successful and outspoken dollop of revolutionary feminism goes to Sara Daniels for *Ripen Our Darkness* which ran at the Royal Court's Theatre Upstairs in August. I am intrigued that the outstanding contributions to women's theatre this year should have been either non-British or ferociously extreme. Could this mirror current strains in the Women's Movement? The last conference I attended was devoted to women in the third world: the last one I consciously avoided concentrated on peaceful and painless methods of male extermination. So, in some sectors at least, the London stage is in tune with the pulse of history.

Sara Daniels' play is busy, bright and imaginative, treading a thin line between savagery and fantasia, touching on burlesque as she carries us heavenwards to meet the Matriarch, her daugher and the hostess with the mostest. Here we hover around the ill-defined limits of performance art, a form which reached its feminist peak this year in Natasha Morgan's beautiful *Mothers Arms*, also at the Theatre Upstairs. (Unfortunately I missed her *Room* at the same theatre earlier in the year.) This delicate, disturbing piece of theatre touched on the relatively unexplored ground (in women's theatre) of male fears and the devouring mother figure. It would be interesting to know how much of this is personal to the writer and how much is derived consciously from psychoanalytic sources.

Certainly performance artists are beginning to make free with sexual archetypes, a welcome development, despite the more confused manifestations of groups like Cunning Stunts.

I make no attempt to define the term "feminist" here—for the attempt continues to be central to every struggle inside the women's movement today. Suffice to say that feminism of every hue has infiltrated mainstream theatre down to the silliest Christmas panto. The emancipated woman is as much a figure of our epoch as romantic's Young Werther or the nineteenth century rags to riches heroine. Hardly a new play emerges without a hint of the sexual turmoil which the Movement has evoked.

Among the male writers who have dared to broach the topic, at least four are worth a special mention: Mike Weller who delves into the heart of a frustrated would-be father in *Loose Ends*. James Saunders whose cleverly constructed *Fall* makes a strong attack on feminists which, however discomforting, deserves to be heard. Peter Whelan whose *Accrington Pals* explores one woman's emotional deprivation during the First World War and finally Hanif Kureishi, whose *Borderline* studies the effect of racism and sexism on a woman in London's Asian community.

I can recall only one attempt to look at the sexual act through feminist eyes. *The Same Old Story* by Dario Fo and Franca Rame, the second of the *One Woman Plays* currently showing at the National Theatre. One must applaud the bravado, but I loathed the result. Yvonne Bryceland's performance is not the issue here. My main criticism is aimed at the writing, fresh from the negativist feminist school which kills off eroticism in its attempt to attack sexism. Nowhere in the three plays could I detect any hint of affirmation of womanhood. Dario Fo does very well in ensemble farce, but the three monologues with Rame evince a bitter approach and, despite the undoubted sparks of humour, no new paths of thought or feeling. So, a challenge for 1982? Can someone present a show about sexual politics, without avoiding sex?


Natasha Morgan in 'Mother's Arms'


Georgina Hale and Brenda Blethyn in 'Steaming'

Photographs by Leonard Burt

THEATRES ARE CONTINUED ON PAGE 5

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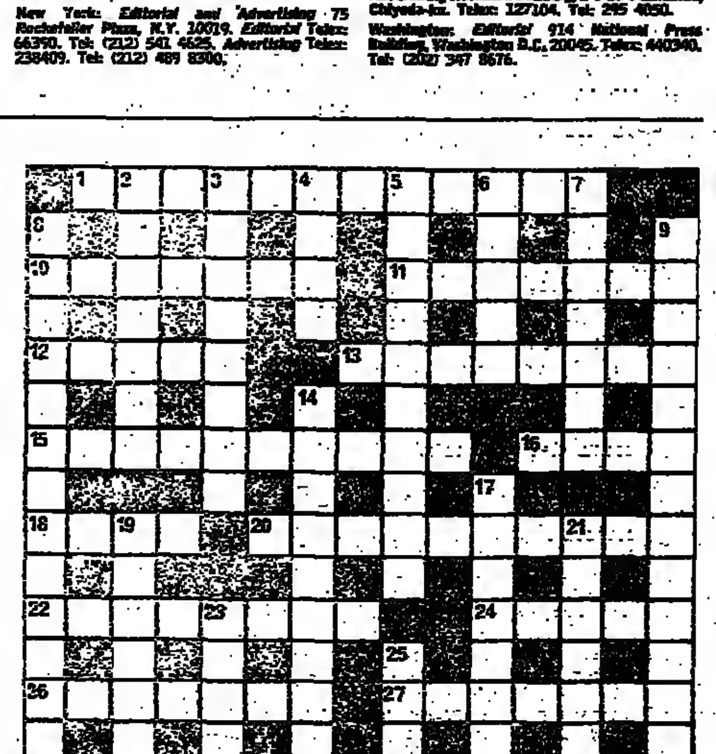
F.T. CROSSWORD PUZZLE No. 4,762

ACROSS

1 A little lap that could cut off the current (5, 7)
10 One who proves metal is like a speaker (7)
11 An aimless person is not so sweet about this paper (7)
12 Do it without a learner and it's crazy in Scotland (5)
13 Take dill mixture and gossip (4, 4)
15 Deep kitchen utensil—found pacifically? (5, 5)
16 Intend to be average (4)
18 A source of light in Scottish support (4)
20 Non-essential tenet from a hair on pod (10)
22 Left one a little solitary (8)
24 Hold off outcast in return (5)
26 Protective clothing including everything (7)
27 Cease photographing girl and sword (7)
28 Manager doing badly as a marplot (3, 2, 1, 6)

DOWN

2 Home of refuse giving two elements with a characteristic smack (7)
3 It could be trying, so it's boisterous (8)
4 Wag a comb (4)
5 Communist naval officer—one that flies (3, 7)
6 Join it in French article (5)
7 Produce a chemical reaction with it right inside gallery (7)
8 Difficult to believe it could be like a large tablet (4, 2, 7)
9 Smashed up shingle? It's difficult to understand! (6, 7)
14 Growing rice and fruit for a wallaby (10)
17 Sat on her variety of furniture (8)
19 Strive to study and nurse (7)
21 Substitute salesman with decorative textile product (7)
23 A hawker's licence in colloquial language (5)
25 Sergeant Major embracing copper in matter coming to the surface (4)



The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FORECASTS 1982

ELECTRONICS

Three strong areas of growth

DR WISSE DEKKER, chairman since January 1 of the Dutch electrical giant Philips, foresees three strong areas of growth for the world'a electronics industry. He cantions, however, that if European companies are to grab their share of these markets then European governments must develop a more coherent industrial policy.

● "Home electronics is a rapidly expanding field. At s time when most important markets for audio and video were starting to reach equipment saturation point, a number of new products have emerged. Video caasette recorders, video disc players and video cameras will provide the (modified) television set with a host of new roles.

"For the more technically minded, personal computers may take on the chore of household bookkeeping or small business administration. The computer and the video screen could form the core of a system for calling up and displaying newspaper pages, filing documents, catalogues and bank balances."

● Telecommunications:

"In this area particularly, developments are gaining momentum faster than most of us expected," says Dr Dekker. Public telephone networks will be expanded to handle data transmission alongside the traditional voice aignals. This will create substantial demand for more sophisticated switching equipment and for optical fibre based 'lines.' This will be accompanied by a move from analogue to digital switching equipment.

● The integration of telecommunications and data processing:

The fast growing office automstisation market ia starting to create a need for complete equipment systems including word processors, display stations, telex machines, filing equipment, office computers and telephone exchanges.

The growing interdependence of communication and information services is already forcing those companies which do not offer both disciplines to acquire them. L. M. Ericcson'a bas bought Data Saab, while IBM wants to buy a stake in the communications iodustry.

One reaaon for the tough price competition in the developing world is the protective barriers behind which much of the European electronics industry operates at home, says Dr Dekker.

Yet these trade barriers are only supporting a weak and fragmented industry which will never be able to withstand tough international competition.

"We desperately need a common European industrial policy," says Dr Dekker.

"With only a few companies large enough to afford the billions needed to develop new producta, a combination of forces is the only answer."

CHARLES BATCHELOR

SEMICONDUCTOR CONSUMPTION
(million of dollars)

	1980	1981	1982
Integrated circuits			
World total	9,772	9,337	10,208
U.S.	4,721	4,539	4,863
Japan	2,269	2,632	3,026
Europe	2,317	1,668	1,769
Others	465	498	550
Discrete components			
World total	4,186	4,303	4,366
U.S.	1,318	1,364	1,403
Japan	1,169	1,519	1,500
Europe	1,192	923	938
Others	507	497	525
Total			
World	14,119	13,777	14,716

Source: Dataquest.

STEEL

Three key international issues

"THERE IS a danger that the United States will try to stop all imports of subsidised Europeao steel unless the present anti-dumping dispute is resolved satisfactorily. This would lead to other European producers trying to sell more in our market, and would put our efforts to stabilise the European price structure at risk. Unless excess capacity in Europe is eliminated this will also threaten the price structure. And we have to ensure that steel from outside the EEC is not allowed to cause price wars on the European market."

Thus, Mr Ian MacGregor, chairmao of the British Steel Corporation (BSC), sums up the international aspects of the problems which will confront him and other European steel producers this year.

Ask steel manufacturers in, for example, the U.S. to identify the heart of the problems facing the worldwide industry and they are likely to point to the heavily subsidised European steel milla. Many eyes are on Mr MacGregor because, if he is to succeed in hia primary task of making the heavily loss-making BSC viable, he has to solve not only internal problems but influence the international ones as well. This is how he sees some of the key issues.

Anti-dumping: "There la no doubt that some European producers have flooded the U.S. market with all sorts of stuff, which makes it bardly surprising that American steel companies are demanding protection.

"I believe that there will be an attempt to re-establish the U.S. trigger price mechanism, and that the EEC commission may extend the production controls which apply to the European industry to cover sales to the U.S."

Prices: "It is absolutely essential that the European steel industry improves its price structure unless it is going to continue to be a buge drain on national exchequer. Our customers bave to appreciate that we are primarily doing no more than restoring real prices which have been subject to enormous rebates and under-cutting in the last few years. We will not be imposing prices which disadvantage European manufacturers against those in the U.S. and Japan."

Restructuring: "The EEC governments have unanimously agreed that subsidies are to be phased out by the end of 1985, and that this will lead to the reduction of capacity which is essential to stabilise the European industry.

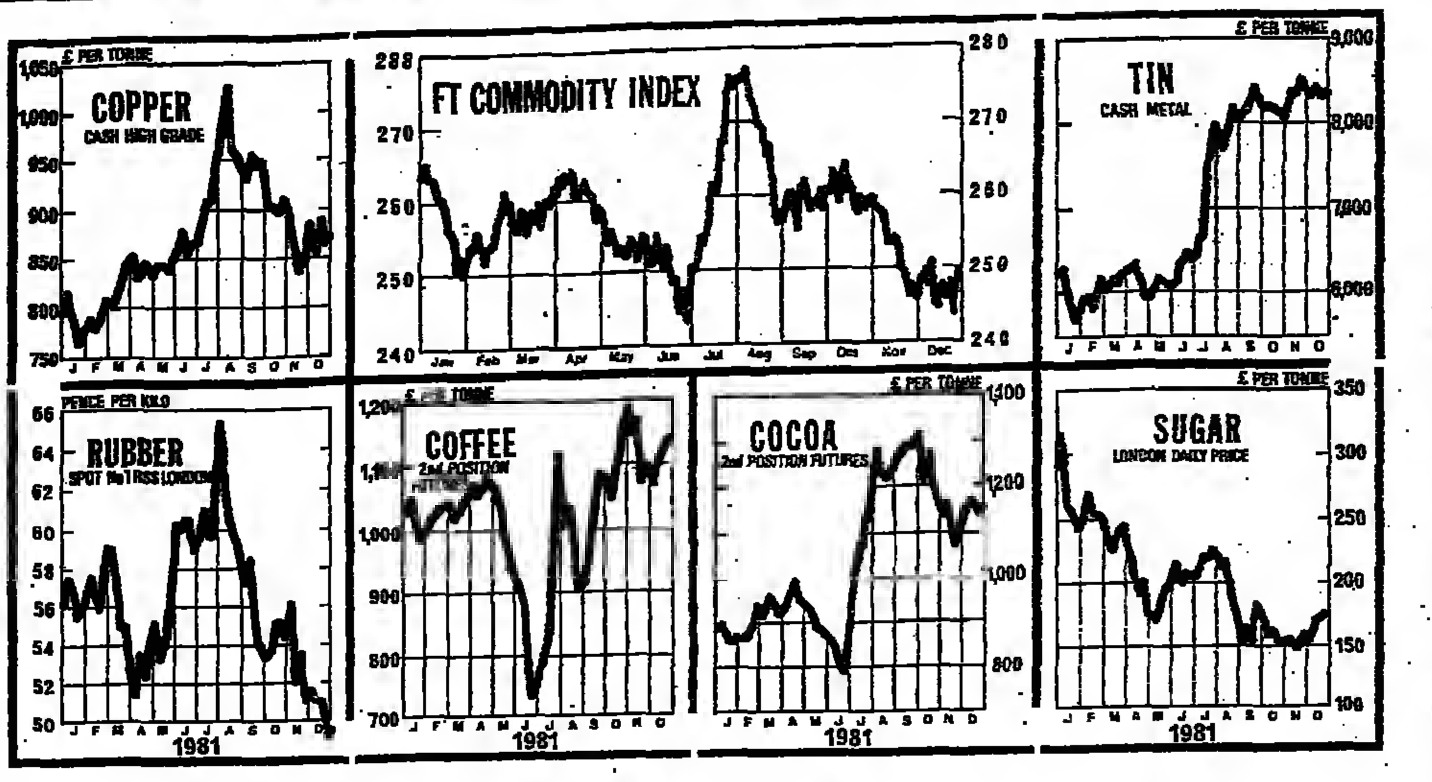
"The EEC production quotas are likely to be renewed for some time to come, but you cannot run an industry on production controls for ever if you want it to make the best use of market opportunities. Normal market conditions have to be restored, and this means other EEC producers have to reduce capacity as BSC has done. It would be good to see some action soon. I believe the acid test will be what bappens in Belgium."

ALAN PIKE

WORLD APPARENT STEEL CONSUMPTION
(tonnes millions)

	1980	1981 (estimate)	percentage change 80/81	1982 (estimate)	percentage change 82/81
U.S.	110	131	+10.6	136	+4.2
EEC	109	102	−6.3	107	+4.7
Japan	79	72	−9.3	74	+3.5
Other Western industrialised countries	60	61	+1.8	66	+7.5
Developing countries	99	99	+0.7	104	+5.0
Comecon	207	204	−1.4	204	nil
China & North Korea	50	46	−8.0	46	nil

Based upon International Iron and Steel Institute statistics and estimates.
Apparent consumption = crude steel production plus imports minus exports.



COMMODITIES

Milestones in a year to forget

BY JOHN EDWARDS

COMMODITY producers and traders view 1981 as a year to forget. In most markets poor demand resulting from the recession in the industrialised world has put unrelenting downward pressure on priees. In many cases, notahly copper and other feading base metals, prices are well below the actoal cost of production.

Agricultural products have not done much better. The weather was kind at a time when consumption was at a low ebb, and the resultant surplus depressed markets.

The Financial Times commodities index has dropped below 250 (1952=100) after touching a peak of 276 in August. But the index includes both sterling and dollar prices and is, therefore, influenced by currency changes. The Economist commodity dollar index, for example, fell by nearly 18 per cent during the past year, while the sterling index was 0.6 per cent higher. Currency changes, and inflation fears, remain a major influence in the markets. The high interest rate in the U.S. discouraged speculation to a large extent and belped bring some stability back after the violent finctuations in 1980.

Nevertheless, 1981 in hindsight may turn out to be a year to remember. New commodity agreements between exporting and importing countries were negotiated for cocoa, coffee and tin. Also the first ever international natural rubber agreement became operational (starting support buying in November) when prices slumped to a 3-year low.

Other milestones were the first purchases by the U.S. strategic stockpile for 20 years demonstrating the determination of the Reagan Administration to rednce U.S. vulnerability to a potential shortage of vital raw materials.

President Reagan also recognised the failure of the embargo on grain sales to the Soviet Union imposed by his predecessor in protest against the invasion of Afghanistan. The embargo was lifted in spite of the Russians suffering a disastrous harvest for the third year in succession. The Soviet crop, now estimated at 175m tonnes, was 61m tonnes below the official target and appeared to confirm Russian inability to produce sufficient grain even when desperately needed. The sharp increase in grain import requirements by Communist bloc countries is likely to have a dramatic impact on the world food supply-demand balance in the years ahead.

A shortage was only avoided this year because of bumper crops in the U.S. and other main exporting countries. But the depressed prices may well discourage efforts to go on producing record crops, even if the weather remains favourable.

The grain markets have been suhdued by the possibility of the U.S. announcing a new embargo oo all exports to the Soviet Union if the situation in Poland worsens. But in the long term Western world grain producers, including the EEC, can expect an expanding market in the Communist bloc and developing countries.

Prospects for other agricultural commodities are none too bright. A severe frost in Brazil last July halved the forthcoming coffee crop, but this essentially only reduced the likely surplus predicted.

The fall in potential Brazilian output, however, did enable a new International Coffee Agreement to be negotiated for the 1981/82 season and the restriction on export quotas has stabilised the market.

The International Cocoa Agreement, which came into force on October 1, has not been so successful. The $230m fund carried over from previous agreements proved to be insufficient once support buying operations started. Moves are being made to borrow more money, using the existing stocks acquired as collateral, but the agreement is handicapped by the fact that the world's biggest cocoa producer, the Ivory Coast, and the biggest consumer, the U.S., have both refused to join.

Another surplus of production over demand is being forecast for the 1981/82 season, but consumption is recovering fast as a result of lower prices and the agreement should help the market rally next year.

The same applies to natural rubber. Support buying by the buffer stock of the International Rubber Agreement has helped remove some of the sorplus created as a result of a sharp drop in demand.

Once consumption recovers, prices could rise strongly, but the prices are at their lowest for three years in view of depressed demand following the slump and decline in tyre sales.

In the metal markets, production cuts have meant that there has not been the normal build-up in surplus stocks in spite of the prolonged fall in demand.

Copper stocks in the London Metal Exchange warehouses, for example, have risen marginally to just over 120,000 tonnes compared with the peak of over 645,000 tonnes reached during the last recession in 1978.

Temporary shortages as a result of supply cut have helped boost metal markets, notably zinc which in 1981 reached its highest level since 1974, in spite of sluggish consumption. Record prices for tin in recent months have been caused by a support buying campaign since July by a mysterious group, as yet unidentified but believed to be representing producer interests. The group has spent an enormous amount of money in taking surplus tin off the market. The decision of the U.S. stockpile to extend tin sales to foreign, as well as domestic, buyers may well force the group to withdraw shortly with a consequent collapse in prices.

Other metal prices are expected to rise in 1982, if only because they are so depressed. The low level of stocks and the production cuts could well create temporary shortages and soaring prices, once consumption recovers to more normal levels.

PULP AND PAPER

Investment is the 'big headache'

THE FIRST HALF of 1982 will be "rather tough" for the pulp and paper industry in the view of Mr Bo Rydin, managig director of Svenska Cellulosa (SCA), the biggest of the Nordic manufacturers. But he adds that the second half promises increases in demand and prices for almost all grades and producers should experience a good year in 1983.

Profit margins shrank in 1981 even in the most efficient companies. SCA will not reach its 1980 pretax earnings of SKr 688m (£65.5m, $125m) achieved on sales of SKr 6.7bn.

The Nordic manufacturers failed in the last quarter to establish a price of $600 a tonne for bleached sulphate pulp, the leading category, and had to settle for a listed price of $580, at which U.S. producers have been selling domestically.

They have already conceded unchanged prices for the first three months of 1981 and Mr Rydin is not counting on any increase in the second quarter either.

Manufacturers will not "put money into stocks," as they did during the recession in the mid-1970s, thereby delaying price increases, Mr Rydin argues. Instead they will take downtime at the mills during the first half of the year and use the opportunity to effect maintenance and repairs.

The message for Common Market paper makers is that they will have to secure better prices in the second half. They should be able to do so, Mr Rydin says, because they too are no longer holding heavy stocks.

Demand for newsprint and magazine papers will not be strong in the first half, Mr Rydin believes, and most contracts have been signed for the period with only small price rises. But, again, stocks are low.

The Canadian manufacturers, who exert a strong influence on the West Europeao newsprint market, will introduce some new capacity but Mr Rydin calculates that they need to maintain prices. Thus, the outlook for newsprint users is further price increases in the second half.

Mr Rydin is surprisingly bullish about the prospects for fine papers. They have been suffering from a weak market, while stock movements have produced price fluctuations and some smaller mills have closed.

Contrary to the attitude of many Continental fine paper makers, however, Mr Rydin does not see surplus capacity holding down prices "when taking 1982 as a whole."

The strength of the dollar (in which pulp and many paper grades are priced) will attenuate the initial weakness of the market in 1982 for manufacturers, Mr Rydin points out.

A strong dollar also increases the competitiveness of the European mills against the North Americans who exploited the cheap dollar to make inroads on the European market during the mid-1970s.

In the longer term, Mr Rydin predicts, the difficulty for many pulp and paper companies will be to maintain efficiency. The "big headache" for the industry is how to finance sorely needed investment in modernising and rationalising mills.

WILLIAM DULLFORCE

WORLD PAPER AND BOARD OUTPUT
(m tonnes)

	1978	1979	1980	1981 (est)	1982 (est)
	162.4	171	171.2	170	172
North America	69.5	72.4	71.5	72.7	73.4
W. Europe	41.5	44.8	43.7	42.4	42.4

WORLD PULP OUTPUT
(m tonnes)

	123.3	128.9	130.3	128	130.7
North America	62.3	64.8	65.8	66.5	67.4
W. Europe	25.9	27.8	27.1	26.2	26.2

Source: Pulp and Paper International (PPI). Estimates by Phillips and Drew, stockbrokers.

CHEMICALS

Optimism for the year

THE LAST 18 months have been little short of disastrous for the European petrochemical industry. But Mr Robert Horton, managing director of the UK-based BP Chemicals, is comparatively optimistic about the outlook for 1982 and beyond.

Admittedly he thinks that the first half of the New Year will be "rough." He says this seems "inevitable because of the prolonging of recession in the U.S. which will lead to aggressive tactics by American chemical producers in such deep-sea markets as the Far East and Latin America.

But Mr Horton is expecting to see a growth rate of around 1½ per cent for European chemicals. After a "flat" first six months, be is looking for a growth of around 2 per cent in the second half—giving a 1.5 per cent figure for the year as a whole. What is more, he predicts that 1983 will be a "good year" for the chemical industry.

"I don't think we can look for more than 1½ per cent in 1982," he says. "The West German GNP is unlikely to rise by much more than 1 per cent and the West Germans are the locomotives as far as chemical growth is concerned."

Overcapacity will continue to bedevil the European industry. The degree of overcapacity in the chemicals varies from one product to another. But Mr Horton, like most other senior chemical company executives, reckons that an average cut of 20 per cent to 25 per cent is needed.

Yet he points out that under the impact of recession, European producers have already made considerable progress in reducing capacity. He cites linear low density polyethylene—one of the major plastic raw materials—as an example. During the last few months of 1981, the German-based BASF, the Italian-based Montedison, the UK-based Imperial Chemical Industries and BP Chemicals itself cut European LDPE capacity by well over 0.5m tonnes between them.

Mr Horton forecast further plant closures in 1982, including perhaps some basic ethylene crackers.

Cuts in capacity should lead to an improvement in chemical prices. Mr Horton says that profit margins on some products are still "ridiculously low" and prices "must go up." He adds, however, that the present trend on pricing is "positive but patchy." Some attempts to raise prices have been defeated but margins generally have been improving over the last few months.

On the capital spending, Mr Horton says theme is "no question about it—there will be a big cutback." He states that some companies are now coming to the end of capital spending programmes that were originally planned some years ago and this could have given a misleading picture of chemical investment trends.

BP Chemicals itself is Europe's biggest producer of ethanol and as such it has a pre-eminent place in the market. In 1982 the company will bring on stream its new £57m ethanol plant at Grangemouth in Scotland and Mr Horton is pleased to note that the project is ahead of time and under budget.

"I don't want to sound euphoric about the outlook generally," be says. "And I admit that I am probably more optimistic than some others though only marginally. But I think the business cycle will assert itself. I think 1982 will be better and I think we're in for a strong 1983."

SUE CAMERON

ENERGY

Greater hope of price stability

THE OIL INDUSTRY is entering the New Year in the expectation of price stability, according to Sir Peter Baxendell, chairman of Shell Transport and Trading and a managing director of the Royal Dutch/Shell Group.

As Sir Peter points out, the new pricing climate makes a refreshing change. "We are in a situation now whe there is a greater hope of stability in oil prices than we have seen for many years. I would expect this to last at least through 1982.

"You have got to be impressed with the way the Organisation of Petroleum Exporting Countries has hung together despite the difficulties and stresses of the past year."

That unification agreement will have a major impact on European oil companies in 1982, Sir Peter says. Companies like Shell and British Petroleum will no longer be at a competitive disadvantage to several major U.S. groups which, for much of 1980, have enjoyed access to relatively cheap Saudi Arabian crude oil.

"We have been fighting in the market with one hand tied behind our backs," Sir Peter says. Not that he expects much relief from a tough, depressed oil products market.

"I think we are going to see a continuation of a pretty competitive market." He points out that there is now 40 to 45 per cent over-capacity in the European refinery industry and is little chance of much growth in product demand.

But even an expected "flat" oil demand in 1982 is some relief after two year of falling orders. "Forecasts of a relatively flat oil demand implies some pick up in the economy. We would expect to see that in 1982. I hope that we have reached the bottom of the trough—but I don't know. You have to have a lot of nerve to make forecasts after what has gone on in recent years."

Sir Peter says that in the coming months energy companies will continue to "rationalise" (scrap or mothball some of their producing capacity in the refinery and petrochemical industries.

The petrochemical industry is a "bell weather" of the economy. As a result it has suffered. "We are taking strenuous action to minimise the effects of the drop in demand. But you would have to see a major pick-up in the economic situation to turn around petrochemicals."

But not all is gloom. "The coal, metals and international gas activities are going well. I am optimistic about our business as a whole. The challenge is for us to maintain technological leadership. When you look around at the multi-billion dollar energy projects you realise that there are not very many companies which can take these things on.

"We have never recruited harder for technical people. Last year we took on 900 technical graduates in Europe—and they are very good quality people too."

RAY DAFT

WORLD OIL MARKET OUTLOOK 198
(estimates)

	QI	QII	QIII	QIV	Year
Oil Consumption (a)	49.5	45.8	45.8	49.4	47.2
Stock Change +/(−) (b)	(2.5)	1.8	2.6	(0.4)	0.5
Oil Supply	47.0	47.6	48.4	49.0	48.2
of which OPEC (c)	23.1	23.4	24.1	24.8	24.0
Other (d)	23.9	24.2	24.3	24.2	24.2
Primary Oil Stocks (Mln. bbls)	4600	4750	4970	4950	
Days Supply (e)	100	104	101	99	

(a) Excluding Centrally Planned Economies (CPEs); (b) Includes o... loss, changes in oil afloat, unaccounted for consumption; (c) Includ... NGL output; (d) Includes U.S. processing gain and Net CPE export... (e) Stocks expressed in terms of following quarter consumption.

Source: James Capel, BP Statistical Review, November 8...

AEROSPACE

Confidence, but major decisions ahead

THE PAST year has been a good one for the partly State-owned, partly private owned, British Aerospace. The group expects to beat its 1981 profit forecast of £65m before tax.

Among the highlights of the year have been the receipt of orders from the U.S. Marine Corps for the AV-8B Advanced Harrier jump-jet fighter, and from the U.S. Navy for the Hawk trainer, as well as further orders for Rapier ground-to-air missiles and various communications satellites. During the year, the BAe 146 four-engined regional airliner made its successful maiden flight.

Sir Austin Pearce, chairman of British Aerospace, is optimistic for the coming year, although there will be several major concerns, and some major new decisions to be taken. The first concern will be the level of continued government military spending, in the light of constraints on the defence budget. This could put pressure on the bighly successful Tornado programme, with a slow down of deliveries.

To counter this there will be further good opportunities for sales of the Hawk, of various missiles and of civil and military communications satellites.

Sir Austin says that the second main concern will be in the civil market, where demand for new airliners bas been severely damped by the continued recession in air travel. He believes that the rate of growth of air travel in the years ahead may not be so great as many had originally supposed. British Aerospace nevertheless remains optimistic on the long-term future, and is making considerable investments in civil aircraft. These include the continued expansion of production of wings for the A-300 and A-310 Airbuses, with output going up from four aircraft to eight a month, while there will continue to be substantial spending on production of the 146 airliner.

While the group is confident this investment will eventually yield profits, this will take some time. In the interim the group will have to ride this cash outflow, ploughing back into civil business the profits earned by other activities.

Among major decisions facing the group in 1982 will be whether to become involved, and to what extent, in the projected A-320, 150-seater Airbus. A decision is likely some time in the first half of 1982.

The other major decision will be whether to continue the current private venture financiog (in conjunctioo with much of the rest of the aerospace industry, including Rolls-Royce and equipment companies) of the P-110 combat aircraft for the mid-1980s and beyond. British Aerospace is discussing collaboration on this project with a number of overseas countries, especially in the Middle East.

For the longer-term, Sir Austin is confident of the continued profitability of British Aerospace, and of the UK aerospace industry generally. He recognises that it will not he without problems. "We have got to go out and sell," he says. "That is the name of the game so far as we are concerned."

MICHAEL DONNE

AIRLINES

The big task is to control capacity

THE OUTLOOK for the world's airlines in 1982 remains bleak. While traffic may increase by 5 to 6 per cent compared with 3 per cent in 1981, the world air transport industry's finances remain poor.

Mr Knut Hammarskjold, director-general of the International Air Transport Association, estimates that during 1981, the operating losses on international scheduled services amounted to between $900m and $1bn, but when the airlines' heavy interest burden is taken into account, the deficit for 1981 may reach about $2.1bn.

Interest payments alone in 1981 thus amounted to around $1.2bn, an increase of more than one-third over 1980, and they could be as high as $1.6bn in 1982. This will be in addition to the deficit on operating international scheduled services of about $1.15bn in 1982, with a further loss of $700m likely in 1983.

Mr Hammarskjold points out, however, that this is a "worst case scenario." It could turn out to be a lot better.

If the airlines can control the growth in capacity—the number of seats they offer—the industry could still make an operating profit in 1982. But the growth in capacity—too many seats chasing too few passengers—is only one of the industry's problems. Others have been uncontrollable risea in costs—such as fuel, and airport user-charges—neither of which the airlines can do much about.

The world business recession continues to depress traffic in many parts of the world; "deregulation" in some markets has resulted in almost unbridled competition; while there are still too many old and increasingly inefficient aircraft in the world's jet fleet. Governments, moreover, have failed to ensure that fares rises keep pace with increases in costs—the IATA estimates that at any one time the world airline industry is running about $1bn behind rises in costs—cash that it has to find from its own resources before being allowed to claim something back in increased fares.

Mr Hammarskjold believes that controlling the number of seats offered is probably the biggest single task confronting airlines, along with efforts to improve revenue yields. "They have to pay as much attention to their financial managers as to their marketing men," he says.

At the same time governments, who ultimately control all that happens in world air transport, must also be more sensible in the regulatory policies they impose.

"What needs to be kept clearly in mind," says Mr Hammarskjold, "is that in an interdependent business like international air transport, there is no room for extremism, be it the 'open skies' theory advocated by some, or protectionism favoured by others. There has to be a sensible mid-course that everyone can pursue. And that course can be determined only through consultation and compromise between equals."

MICHAEL DONNE

FORECASTS 1982

ENGINEERING

Competition will stay tough

MANNESMANN, ONE of Germany's major engineering groups, has been expanding recently into electronics and communications technology. Dr Egon Overbeck, president of the Mannesmann board of management, explains that this "purposeful promotion of structural change into a technology group" is a necessary step towards securing the group's future.

It does not, however, mean that Mannesmann views the future for steel pipe and engineering products—its mainstream activities—in *a negative* sense, but rather that these moves "provide a suitable completion of the technological efficiency of our mechanical engineering and plant construction sectors."

Mannesmann is fairly optimistic about demand for its products in 1982 from foreign markets, but less so about the domestic market. Dr Overbeck says: "Judging by all available forecasts the economy of the Federal Republic will only show weak growth. Accordingly, we do not expect any major impulses to come from within the country. Demand from the building industry is likely to remain low, although a stimulus is expected from the car market."

"Demand from abroad has already gained considerable strength for 1982. We are profiting, in the first place, by the strong demand for tubes and pipes for the production, transport and conversion of energy.

"Our mechanical engineering exports will participate adequately in the anticipated growth of world trade. There is today a considerable need for replacement and rationalisation investment in the world. Furthermore, machinery that is helping to save energy or contributing to improve the structure of energy supply will find its market, and Mannesmann offers a wide range of products in this area."

As far as prices are concerned, Dr Overbeck expects that "in view of the hefty international competition," it will not be possible to increase prices sufficiently to compensate for the diminution in margins that it has been necessary to accept in order to retain market share. However, Mannesmann does not believe in "stagnating price levels," while Germany's low rate of inflation "will again be in favour of German suppliers." Wage cost and exchange rate developments in 1982 will not cause costs to rise as they did in 1981.

"Competition in 1982 will continue to be tough. In the steel tube sector we are competing, above all, with Japanese, Italian and French manufacturers, part of them with natural, others with artificial competitive advantages on us. What is giving us trouble in the mechanical engineering sector are the financing conditions which—although not in line with the real state of the market—are requested and granted by our competitors."

Mannesmann is not expecting to change its employment levels during 1982. In the steel tubes sector, steelmaking is being concentrated at one plant as part of a rationalisation programme.

"In the mechanical engineering and plant construction sectors, investment is being geared mainly to machinery modernisation, rationalisation, and in some sectors to increasing capacity."

HAZEL DUFFY

ENGINEERING PRODUCTION

1975=100

METAL PRODUCTS

	1980 2nd qtr.	1980 3rd qtr.	1980 4th qtr.	1981 1st qtr.	1981 2nd qtr.	12 month rate of change %
U.S.	122	114	123	127	129	+14.3
Japan	139	129	128	119	—	−10.2
France	130	103	125	123	—	− 7.0
W. Germany	127	107	124	114	124	+ 1.0
Italy	129	93	121	118	—	− 3.3
Spain	122	97	122	110	—	+ 2.1
Sweden	92	79	115	104	99	− 2.7
UK	88	76	78	80	76	−12.2

MACHINERY NON-ELECTRICAL

	1980 2nd qtr.	1980 3rd qtr.	1980 4th qtr.	1981 1st qtr.	1981 2nd qtr.	12 month rate of change %
U.S.	129	129	131	134	139	+11.1
Japan	162	159	159	160	—	− 0.5
France	112	94	113	105	—	− 4.6
W. Germany	125	112	135	120	134	+ 0.7
Italy	148	116	156	140	—	+ 7.3
Spain	109	95	111	—	—	+13.6
Sweden	101	86	117	98	106	− 4.3
UK	95	89	87	88	83	−12.6

ELECTRICAL MACHINERY

	1980 2nd qtr.	1980 3rd qtr.	1980 4th qtr.	1981 1st qtr.	1981 2nd qtr.	12 month rate of change %
U.S.	147	142	150	151	154	+ 9.4
Japan	206	220	229	229	—	+15.6
France	127	105	149	120	128	+ 0.9
W. Germany	132	109	132	121	132	− 7.2
Italy	139	101	131	130	—	− 0.3
Spain	112	91	130	104	—	+17.4
Sweden	96	84	115	102	111	+ 6.9
UK	97	93	98	98	87	− 8.3

Source: OECD Indicators of Economic Activity, 1981—III

CONSTRUCTION

Searching further afield for work

INTERNATIONAL building and civil engineering groups have rarely before experienced such intense competitive conditions. Domestic and overseas markets have suffered at the hands of the recession and opportunities for profits have declined significantly.

The UK-based Costain group, along with its international competitors, has been forced to search still further afield for contracts, while stepping up diversification. As a result, it has managed to push up overseas turnover to a record level.

Despite immediate difficulties, Mr Terrel Wyatt, chairman of Costain, is confident of the industry's prospects and ability to increase turnover and profits over the next few years.

"Any view of the prospects for the construction industry has to be based on assumptions about the economy in the UK and worldwide. I believe that the UK and most of the rest of the world will be in recession for another year and then activity will pick up slowly. Interest and inflation rates will drop a little.

"The greatest help for investment, jobs and construction would be really low inflation, low interest rates, stable exchange rates and confidence that these conditions will persist. The UK Government has been right so far as it has tried to achieve this position. But even so, current expenditure remains too high and capital expenditure is too low."

Mr Wyatt says he does not advocate more capital investment simply to create jobs but because investment is needed to create prosperity. "I do not think that industry should leave all investment to government. We as a group are seeking projects to finance privately. By way of example, Costain are partners in the Lysander development at London's Surrey Docks, the largest mixed development in Europe, and in the European Channel Tunnel Group."

On prospects for 1982, Mr Wyatt says that with the volume of UK work lower than at any time since the 1930s—up to 400,000 people are unemployed—a "pretty grim" position will not change quickly.

He emphasises that "the gloom is not uniformly spread" and believes Costain is not alone among larger building and civil engineering groups in achieving a record turnover in 1981 and expecting more in 1982, with steady growth thereafter.

"Overseas work, particularly in the Middle East, created a great deal of exciting growth during the 1970s but now the volume of infrastructure work *has dropped and the emphasis* has shifted to industrial investment. The whole market has become much more competitive.

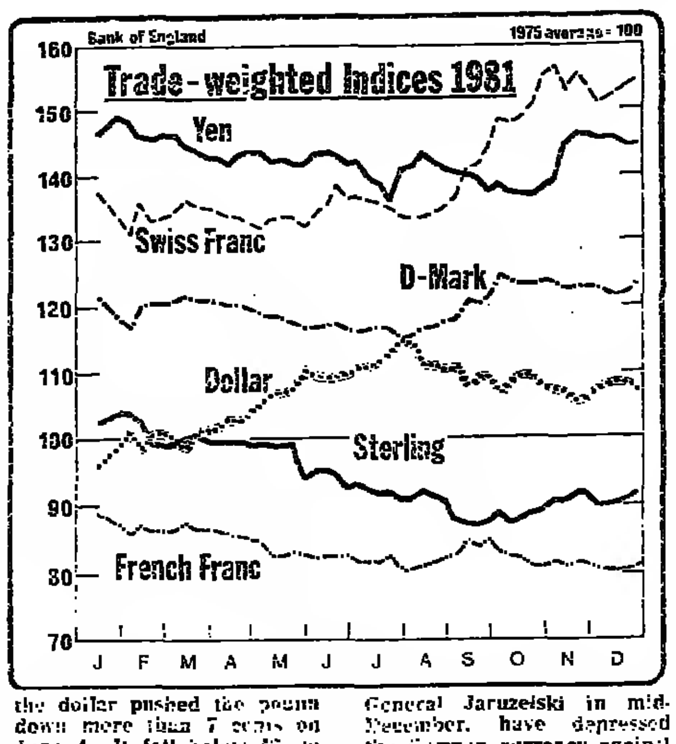
"The industry has responded by looking for work over a wider area and developing some of the more specialised activities. Despite the problems, I expect to see the industry carry out rather more overseas work in 1982 than in 1981, with prospects for growth beyond that."

MICHAEL CASSELL

CURRENCIES

The dollar makes a comeback

BY COLIN MILLHAM



1981 was the year the dollar reasserted itself as a major world force. The dollar has been the central pillar in *world trade* for *many years*, but it lost a great deal of prestige as U.S. economic problems forced central banks around the world to prop up the ailing currency.

The election of President Reagan, with his well publicised monetary policies which seemed to tie in with the philosophy of Mr Paul Volcker, chairman of the Federal Reserve Board, was a key factor in its recovery. By allowing interest rates to rise very sharply in the fight against inflation, the dollar made equally sharp gains.

In mid-summer, as prime rates moved up to 20.5 per cent and Federal funds touched 24 per cent, the dollar rose to a five-year high against the D-Mark, a 21-year peak against the French franc, an all-time high against the lira, the highest level since October 1977 in terms of *sterling* and the Swiss franc, and the highest point since April 1980 against the yen.

Major problems may arise in 1982 if there is competition for borrowed funds from the private sector, climbing out of recession, and the public sector, *where the Government* will have to fund a large budget deficit. Signs that the economy was slipping into recession led to a turnround in interest rates during the autumn and a subsequent decline of the dollar. This allowed European countries—where the *recession* was further advanced than in the U.S.—to engineer a much needed reduction in interest rates.

Recent trends have not been as favourable, as U.S. rates have increased once again. Given the relaxation of *monetary policy* in the face of recessionary forces, hope remains that rates will ease, at least during the early part of the New Year.

STERLING—In January the pound was very firm. It touched a peak of $2.4245, equal to the seven-year high reached in the previous November. Bank of England minimum lending rate was 14 per cent and clearing bank base rates were at the same level. On March 10, MLR was cut by 2 per cent to 12 per cent, but the accompanying Budget statement from the Chancellor was seen as a continuation of the Government's tight monetary policy. Sterling, which was then around the $2.20 level, showed some improvement. Demand for the dollar pushed the pound down more than 7 cents on June 4. It fell below $2, to $1.9?10, the lowest level for 2½ years. Rising U.S. interest rates depressed sterling to an almost four-year low of $1.7705 in August, and during the same month MLR was suspended, placing greater emphasis on bank base rates, which remained at 12 per cent until mid-September.

In the same month, sterling's trade-weighted index, on Bank of England figures, fell to 85.7, which coupled with general confusion about the monetary aggregates in the wake of the civil service dispute prompted a rise to 16 per cent in base rates at the beginning of October.

Easier U.S. rates have enabled London interest rates to decline, but the pound has finished the year looking rather vulnerable.

D-MARK—A combination of high interest rates, a large German balance of payments deficit and the simmering unrest in Poland which was brought to the halt by General Jaruzelski in mid-December, have depressed the German currency against the dollar. At the beginning of August the D-mark had fallen by about 20 per cent from the end of 1980, but has since staged a steady recovery, despite the expected pressures on German banks if Poland should default on its loans from the West.

The D-mark's membership of the European Monetary System tended to prevent any large rise in Frankfurt interest rates to combat the strength of the dollar, because this would put extra pressure on the weaker members, but an easing of New York rates and Germany's improving trade position has helped the German currency to recover. Although the D-mark is the weakest member of the EMS at present, this reflects the revaluation in October, while hopes that the current account balance of payments may be in balance in 1982, coupled with Germany's better inflation figures than most other European countries, should push the D-mark up again.

SWISS FRANC—The main concern of the Swiss National Bank during the latter part of 1981 *was to prevent the Swiss* franc rising too sharply against the D-mark. Although not part of the European Economic Community or the EMS, the Swiss economy and currency are closely aligned with Germany and the D-mark.

At the beginning of the year the exchange rate was about SwFr 90 per 100 D-marks, but by November the D-mark had fallen below SwFr 80 per 100.

Cuts in Swiss interest rates have also followed trends in Frankfurt and New York as the franc has improved steadily against the dollar, after the U.S. unit touched a peak of SwFr 2.2060 in August. Switzerland's low inflation rate and the Government's tight monetary policy should ensure the franc remains firm in 1982.

FRENCH FRANC—Record interest rates and heavy intervention by the Bank of France could not prevent a sharp weakening of the French franc in May following M. Francois Mitterrand's victory in the presidential election. The dollar rose above FFr 5.80, which was then the highest level against the franc for 10 years, and continued to advance to a 21-year peak of FFr 6.15 in August, before retreating to FFr 5.75 in late December.

Restrictions on currency transactions failed to prevent a devaluation of the French currency during the reshuffle of the EMS in October. But it has since traded fairly comfortably near the top of the system. Paris interest rates have eased recently in line with world trends, but France's high inflation rate of *over* 14 per cent, and continuing nervousness about the policies of the Socialist Government, are likely to keep pressure on the franc in the New Year.

JAPANESE YEN—A cut of ¾ per cent to 5½ per cent in the *Bank of Japan's* discount rate in early December was less than the foreign exchange market expected, and produced little reaction from the strong yen. After touching a peak of Y246.10, the dollar has fallen to about Y215 to Y220. Unless U.S. interest rates continue to push to up in 1982, there is every expectation that the yen will continue to improve, not only against the dollar but in terms of the major European currencies.

THE DOLLAR IN 1981

	Jan. 2	High	Low	Dec. 31
Sterling	2.3910 (41.82)	1.7705 (10/8) (56.40)	2.4285 (21/1) (41.18)	1.9100 (52.35)
D-Mark	1.9600	2.5535 (10/8)	1.9375 (6/1)	2.2470
French Franc	4.5400	6.7500 (10/8)	4.6725 (6/1)	5.7000
Swiss Franc	1.7675	2.2050 (4/8)	1.7450 (6/1)	1.8000
Japanese Yen	203.05	246.10 (4/8)	199.25 (5/1)	219.70

Rates against sterling are shown as dollars per pound and pence per dollar. Others are quoted in terms of D-marks, French francs, etc., in one dollar.

SHIPBUILDING

The keynote must be caution

THIS YEAR will be a testing one for the world shipbuilding industry, now feeling its way more confidently after the traumas of the 1970s. Mr Robert Atkinson, chairman of British Shipbuilders, says that a rise in prices for new vessels "would do more than anything else" to help the industry.

He adds that countries have to take care not to make any "foolish capacity" increases. For the state-owned British Shipbuilders, a price improvement of some 12 per cent would be needed for a return to profitability.

Shipping markets, both for oil and dry cargoes, have been disastrous for owners this year, but shipbuilding companies have benefited from a steady flow of business. "We have had a wonderful year in obtaining many orders and complacency would be disastrous," says Mr Atkinson. "There is still much to do. We need a stable period of sound industrial relations."

Japan dominates the world industry, followed some way behind by South Korea. In Mr Atkinson's view, Japan was responsible for much "[illegible]" in the early 1970s. He is still concerned about the strength of Japan in the industry, though the Japanese argue that their share of world orders is less staggering than the figures suggest, and they point to large cuts in capacity recently.

Mr Atkinson has argued for a more co-ordinated EEC approach to the question of Japanese dominance. "If Europe speaks, the Japanese will listen," he says. "Europe still has the largest merchant fleet in the world." He strongly favours the adoption of a clear non-political maritime policy in the UK, covering the interests of shipowners, shipbuilders and the ports.

For the shipping industry in general, he feels, "the best we can hope for is an indifferent year." Any real upturn in major world economies is not expected until 1983, with Japan and Western Europe showing some improvement this year. World trade, on which the health of shipping and ultimately shipbuilding depends, may rise by 4 per cent in 1982 after barely more than 1 per cent in each of the last two years, with trade in manufactures up by 5 per cent.

An estimated 24m deadweight tons of dry bulk shipping will be coming on to the market this year. This is generally regarded as too much to be absorbed by the likely growth in trading. Any solid upturn in freight rates may well have to wait until 1983.

In individual trades, grain prospects are favourable in view of expected imports from the Soviet Union, China and India. Iron ore business should benefit from modest increases in Japanese and European steel production, which will also help coal.

For British Shipbuilders, there could be some help from currency movements in favour of sterling against Japan and West Germany. On the warship side, the UK defence review has made matters difficult.

"Under these circumstances, the key note for shipbuilders in 1982 must be one of caution," says Mr Atkinson, with the market unlikely to provide overmuch help. Competitively, the Koreans will be the ones to watch — "they are the well-taught students of the Japanese."

ANDREW FISHER

TEXTILES

The worst is felt in Europe

COATS PATONS, which produces threads and yarns in 30 countries, has its headquarters in Glasgow. Its chairman, Mr William Coats, sees a difficult year ahead for the textile industries.

"I do not feel very optimistic about the outlook for 1982. If you look around the world the textile slump is general, even the East is suffering.

"The worst is undoubtedly being felt in Europe with the UK having passed through a terrible two years, the Spanish economy very depressed, Italy flat and France not at all happy about the state of her industry. Things are a little better in America but there is no telling for how long.

"The general consensus of opinion appears to be now that world gross domestic product will not grow by more than 1 per cent, which is not exciting, and because spending on items like clothing is more easily deterred I doubt if textiles will benefit at all from that small rise. People tend to feed themselves and watch their television sets more readily than buy a new coat.

"We are also affected by changing trends. It is more socially acceptable to wear older clothes and cheaper types of clothes. Jeans and sportswear have replaced the traditional [illegible] [illegible]. The lightweight [illegible] [illegible] [illegible] [illegible].

"The [illegible] [illegible] [illegible] is that prices are about to [illegible] much about [illegible] when wage levels in the Far East are 10 per cent of what they are here. The industry needs price rises and has done so for far too long. But we are competing with the East and however efficient Western industry becomes it simply cannot overcome the difference [illegible] by their wage levels [illegible] the microchip can solve the problem.

"So prices are almost certain to be depressed. The buying [illegible] of the chain stores coupled with competition among [illegible] [illegible] that prices are [illegible] and with slack demand in the East even they will be susceptible to price pressure. The Chinese are becoming an important factor in the world's industry and they can be very competitive."

Turning to employment, Mr Coats does not think that manning levels have stopped falling yet in the West. "It is true that the UK is a lot slimmer and better able to do things it can do well, such as produce high-quality garments. It is also more efficient. But Western industries will have to become more specialised if they are to meet the competition of cheap imports from the East.

"If the hard-line approach adopted by Britain, France and Italy in the Multi-Fibre Arrangement talks (the discussions aimed at regulating world trade in textiles) in Geneva are successful, there is a chance that the decline in Europe will be arrested, but one cannot prophesy more than that. We have allowed the *underdeveloped countries* to take a larger part of our textile industries than the Americans and we shall face another difficult year."

ANTHONY MORETON

SPUN YARN PRODUCTION

	Wool and Worsted 1980	Wool and Worsted 1981	Cotton and Man-Made Fibres 1980	Cotton and Man-Made Fibres 1981
	tonnes		m kgs.	
U.S.	54,543	62,890	1,980.9	1,923.1
Japan	119,199	111,400	1,153.1	1,037.5
W. Germany	146,772	120,207	394.2	336.1
France	133,905	123,340	218.4	182.3
Italy	536,167	502,300	231.2	232.6
U.K.	141,600	131,100	124.1	93.4

[illegible]

AUTOMOBILES

'The price war could intensify'

FIAT AUTO, the car manufacturer which is the biggest single element in the Fiat group, claimed in 1981 to have increased its European market share from 12.8 per cent to 13.3 per cent and thus to have become Europe's leading car producer.

Sig Vittorio Ghidella, 50, has been managing director and general manager of Fiat Auto since 1979.

"The main problem for 1982," he says, "is judging the volume of demand (for cars) and the subsequent behaviour of the market. We exclaimed in 1981 to have inspected a limited recovery in the market in 1982—but then we expected the recovery to have started by now and we have been disappointed.

"So we are concerned that the recovery will take place too slowly and too late. There is empty capacity all over Europe—and all over the world—and the longer that capacity remains empty the more dangerous it becomes for the industry in terms of competition and pricing.

"On the pricing problem, I must say it is the current policy of the car manufacturers to increase prices less than the local overall rate of inflation.

"Also, different manufacturers have different kinds of policies for cutting prices still further through various types of campaigns. This, for want of a better phase, is price war. I am worried that the market is still so low that the price war could intensify.

"Another factor which will be important in 1982 will be the behaviour of the Japanese in Europe. During 1981 the Japanese lowered the competitive pressure on the market, mainly because of the (upward) revaluation of the yen compared with other European currencies.

"The Japanese refrained from further expansion and they had trouble selling all the stock they already had in Europe.

"For that reason we (Europeans) suffered a little bit less from the Japanese competition in 1981. What can happen in 1982? Well, I know stocks are low. But new models are coming on to the market and maybe the Japanese will resume their aggressive policies.

"I personally believe that the Japanese will be very careful about their pricing policies because the yen should remain stable.

"But in terms of products, the recent Tokyo Motor Show showed the major Japanese companies have many new models. And we must worry about that because the Japanese have demonstrated they are able to cover the complete range of cars the Europeans want while adding attractions like electronics which make the cars fashionable and very, very appealing to the European customers.

"While the Japanese will have many new models in 1982, there will be relatively few new important models introduced by the European manufacturers in 1982 to give the market an upward push. The Europeans are working hard on new models with new technology, but mainly for 1983.

"This is a problem because any time a European manufacturer brings to market an important new model, sales in that sector of the market pick up. That kind of activity can add *sparkle to the market*.

"The Japanese are desperately trying to establish some bridgeheads here in Europe through industrial co-operation. They are being extremely careful, however, because they know they will never achieve the results they get in Japan with *local (European) people and* local structures. That is why I am not particularly worried about the possibility of the Japanese manufacturing cars in Europe.

"I am also a little sceptical about the possibility of an increase in the number of joint *ventures between the car companies* of Europe.

"It becomes particularly difficult when you try to spread the co-operation to vital components—and, after all, a car is in reality a system made with different components and each component has to fit perfectly with other components.

"The different requirements, different priorities, different commercial aims of different companies make it harder and harder for them to find an approach which suits both partners in any joint venture."

KENNETH GOODING

PASSENGER CAR PRODUCTION

'000 units

	1980 actual	1981 estimated	1982 forecast	% change 1981/80	% change 1982/81
U.S.	6,378	6,400	6,800	0.3	6.3
Canada	847	820	850	− 3.2	3.7
West Germany	3,521	3,400	3,500	− 3.4	2.9
France	2,939	2,650	2,800	− 9.8	5.7
Italy	1,445	1,300	1,400	−10.0	7.7
Japan	7,038	6,700	6,500	− 4.8	−3.0
Spain	1,029	925	950	−10.1	2.7
UK	924	950	980	2.8	3.2

COMMERCIAL VEHICLE PRODUCTION

'000 units

	1980 actual	1981 estimated	1982 forecast	% change 1981/80	% change 1982/81
U.S.	1,585	1,625	1,750	2.5	7.7
Canada	531	545	570	2.6	4.6
West Germany	357	310	330	−13.2	6.5
France	440	395	420	−10.2	6.3
Italy	167	145	155	−13.2	6.9
Japan	4,005	4,110	4,120	2.6	0.2
Spain	153	130	140	−15.0	7.7
UK	389	223	285	−42.7	27.8

Source: Economist Intelligence Unit forecasts

RETAILING

Pressures of costs and spending

A "CRUCIAL" YEAR for the UK retail sector is foreseen by Mr Colin Patterson, deputy chairman of British Home Stores and chairman of the Retail Consortium.

"*I think 1982 is going* to be very tough for retailers because of the twin pressures of rising costs and depressed consumer spending," he says.

Moreover, he suggests, these problems cannot be viewed in isolation to the rest of the economy because of the sheer *scale of retailing in Britain*. Some £59bn is sent annually through the UK's 350,000 retail outlets, which employ a total of 2.3m workers.

The chief cost pressures in 1981, which Mr Patterson sees continuing into 1982, are those which are out of the control of retailers. In 1981, *shops have* faced rate increases of between 18 and 45 per cent, while energy costs — including fuel which is a crucial cost in the distributive trades — have risen by up to 30 per cent.

At the same time, consumer spending has been relatively flat in 1981 and Mr Patterson sees no sign of an upturn in 1982. "What is left of disposable income after higher rates, fuel bills, and mortgages in 1982 is going to be very much reduced," he says.

The effect of these dual pressures has been to force an increased number of retail outlets to close. "*I* would not be surprised if more small retailers especially were forced out of business because they do not have the capacity to absorb the fixed cost increases in the same way as large retailers," he says.

Mr Patterson suggests that "retailers by one means or another will have to improve profit margins in 1982." Otherwise, he says, they "will be *unable to afford the high level* of investment in new stores and better distribution facilities that lead to higher productivity."

He believes that retailers will decide in 1982 that the cost of chasing volume at the expense of profits cannot continue. "A lot of companies are now beginning *to discover that the almost* continuous price promotions of the past 18 months have made sales non-productive in that consumers are bored with them and ignore them.

But the biggest benefit for retailers and the economy in general in 1982, Mr Patterson believes, would be if the Chancellor decided to reduce the rate of value added tax. "The single biggest detriment for retailers in recent years was the VAT increase in 1979," he says. "By bringing it down—by perhaps 2½ per cent—the Chancellor would reduce price inflation, generate sales through shops and stimulate employment in manufacturing industries."

Mr Patterson argues that "retailers are among the most resilient of characters and they have done as well as any other sector in surviving the recession." But he believes that retailers will "become increasingly frustrated in 1982 by the ever-increasing problems facing the industry—problems that are largely out of their control to resolve."

DAVID CHURCHILL

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Monday January 4 1982

Polish wedge in the West

THE FOREIGN ministers of the European Community must make an all out effort in Brussels today to arrive at a common line towards Poland and the problems raised by President Reagan's sanctions against the Soviet Union. Though the reactions of the various Community capitals have disclosed considerable divergencies of emphasis, the ministers will have clearly defined, basic common European interests to work on.

A degree of political freedom must be restored in Poland, as General Wojciech Jaruzelski, the Polish Prime Minister, has repeatedly promised; the western reaction to events would be self-defeating if it were to bring about a closing of ranks within Comecon; the joint European foreign policy towards which the Community is groping must not be shown to be no more than a chimera.

Splits

On a wider field there is another important consideration. The transatlantic divisions within Nato are quite deep enough already. The ministers in Brussels will have to find a way of standing up for European interests without disowning their American ally. But they must ensure that the threat occasionally bandied about in Washington to call off talks on reducing or eliminating Theatre Nuclear Forces in Europe is not made good.

Doing so would only deepen the existing splits. It would also cause grave internal problems for several Community governments, first of all that of Herr Helmut Schmidt in Bonn.

The European interest is founded upon the wish to maintain what is left of detente. That may not be much, but it is the Europeans first and foremost who have to live side by side with the Soviet bloc. The European view is also based upon the analysis that events in Poland are still a matter between Poles, however closely the Russian interest may be involved.

Washington tends to see events much more starkly as part of the great struggle between the U.S. and the Soviet Union. In American eyes General Jaruzelski is no more than Moscow's cat's paw. Tensions, therefore, will inevitably remain within the alliance. They derive from the complexity of the problem and the lack of precise information: given the right amount of diplomatic tact on both sides, these tensions need not be considered a disaster.

Whatever the differences of analysis and reaction to events in Poland, there does remain an overwhelming common security bond between the two ends of the Nato alliance. That is not changed by the fact that Europe has a greater stake in East-West trade than do the Americans and therefore is more inclined to look askance at the whole concept of sanctions.

From the European analysis it follows that whatever pressures the West exerts should be directed at Poland. The objectives were spelled out to Mr Myeczyslaw Rakowski, the Polish Deputy Prime Minister, in Bonn last week: the lifting of martial law; the release of detainees; and a resumption of talks with Solidarity. So far there is very little evidence that the Polish regime will conform: until it does, Poland should receive no more aid from Western Governments except for food aid given for humanitarian reasons and with adequate assurance that it really does go to the needy.

In the case of private credit extended by western banks and suppliers, the lenders will have to sort things out as best they can. Prudence alone would dictate that there should be no further topping up of credits, and rescheduling will have to be made dependent upon adequate servicing of the debt.

Criticised

An especially prickly set of problems surrounds the gas pipeline which a German-led European consortium plans to build to carry Soviet gas to Germany and other western European countries. The U.S. has all along criticised it as a project that would deepen the customers' dependence upon Soviet energy supplies and undermine their independence. That reading is not generally shared in Europe. As long as the proper target for western sanctions is Poland, it follows that the pipeline should go ahead.

Altogether, there is a case for carefully gauging the doses of western pressure on the Comecon bloc, and concentrating on the Jaruzelski regime. That will make it easier for the West to respond if the Polish authorities show signs of pliability. It will also keep some western powder dry should Moscow become the proper target of sanctions.

Strike threats and efficiency

AFTER A YEAR in which the bargaining power of British trade unions has been weakened by high unemployment, 1982 has opened with a flurry of strike threats in several key industries. The miners are being urged by their executive to authorise a national strike to begin in February. The train drivers, having failed to resolve an argument with British Rail over productivity, have started a ban on overtime and have promised a two-day strike on January 13 and 14. The executive committee of the Iron and Steel Trades Confederation, still protesting over British Steel's firm line on wages and productivity, is meeting this week to decide when and how to impose an overtime ban. An all-out strike was to have started tomorrow at Ford, but it seems that this may be averted by a last-minute improvement in the employer's offer.

Agreement

All this might suggest that the worm is turning and that a new mood of militancy is beginning to show itself. But there is other evidence which points to a continuation of the past year's trends. Engineering workers accepted a 5 per cent national settlement; tanker drivers refused to be used as a political weapon; shipbuilding unions could not sustain industrial action over closures; and the two other rail unions, apart from the traindrivers, have reached agreement with British Rail on productivity.

Apart from Ford, the other threatened disruptions are in the public sector and have a depressingly familiar ring about them. To judge by reports from the coal fields, some miners think that, even though the Coal Board's offer is well above what other industries are likely to obtain, they have little to lose by voting for a strike; they calculate that it will push the Board into raising the offer by 2 or 3 per cent.

As long as the miners enjoy their unique bargaining strength, arising from the structure of the industry and government restrictions on imports, there will be a continuing tendency towards a two-tier pattern of settlements in the public sector, with the miners and other groups which have the muscle to follow in their wake (notably gas, water and electricity workers) pulling substantially ahead of the rest. In the short term it is not easy to see how the Government can break this pattern. But even the miners are not immune to market pressures; they are capable of so damaging the competitiveness of coal that the market will move away from them and jobs will inevitably disappear.

On the railways the Government is trying to simulate market pressures by tying support for new investment to progress on productivity. Whatever the outcome of the current dispute, the message does appear to be getting through that a high-cost, low-productivity industry is a declining industry; that is something which no amount of industrial muscle can change.

In all these cases groups of workers are pursuing their narrow economic objectives without much regard to the community or to the rest of the labour movement. This sectionalism at the grass roots, which has always been characteristic of British trade unions, contrasts oddly with the attempts being made by national union leaders to bring unity into the affairs of the Labour Party.

A low level of settlements in the present wage round is essential to the Government's economic strategy, but it is at least as important that the past year's improvement in productivity should be maintained. In this context events at Ford may be of greater long-term significance than the coal or rail disputes. If the company can implement the changes in work practices which have already been agreed in principle by the unions, it has a chance to tackle the basic causes of the British motor industry's long decline. As Ford's former personnel director points out in an article on page 9, British work people cannot be coerced into co-operating with management. But a way has to be found of converting reluctant acquiescence into a shared pursuit of higher productivity. It is up to managers to ensure that their industrial relations policies, in style and content, contribute to this objective.

1982

A time for cool nerves

By Martin Feldstein

President Reagan and his Budget Director David Stockman

DURING the past year, a bold new economic policy has been put into place that can substantially improve the performance of the American economy in the 1980s and beyond. Unfortunately, the nature of the new economic strategy has been disguised and distorted by the extreme supply side rhetoric with which the Administration originally described its programme. Moreover, some Administration spokesmen predicted on the basis of the extreme supply side theory that the new policy would cause an immediate surge in economic growth and productivity and a rapid decline in the rate of inflation.

It is clear that the economy's performance is not living up to these naive and euphoric forecasts. The United States is sliding into a recession that has stopped economic growth and caused productivity to resume its discouraging decline. There is also widespread concern that the federal budget deficit will increase over the next few years instead of shrinking as the Administration originally forecast. If these facts were not enough to shake the public's confidence in the Administration's economic programme, we have recently had David Stockman, the Administration's brilliant Budget Director, confessing to a reporter that the Administration's supply side theory hasn't worked out as expected.

It is very important, therefore, to distinguish between the sound economic programme that the Administration has adopted and the extreme supply side rhetoric that some Administration spokesmen originally used to describe that programme. Similarly, it is important to judge the programme by its long-term consequences and not by its failure to live up to the naive short-term forecasts implied by the extreme supply side theory.

Indeed, the current economic policies were not developed *de novo* by the Reagan Administration but had gradually evolved in Congress during several years of careful study and the accumulation of expert advice. Although the past year has seen strong partisan battles over certain details of the programme and over which party would get credit for the final legislative package, there was bipartisan agreement on the fundamental aspects of the programme. Moreover, Congress in many respects went even further than the Administration would have gone on its own.

Tax policy

The tax bill that was enacted in August combined a reduction in business taxes, new incentives for individual saving, and a slowdown in the growth of personal income taxes. For the business tax cuts, the Administration adopted an accelerated depreciation plan that had already gathered very widespread bipartisan support over the previous two years in the form of a Bill sponsored by Republican Congressman Barber Conable and Democratic Congressman James Jones. The Administration originally proposed no specific incentives to encourage individual saving but it quickly accepted the set of saving incentives proposed by the Democratic majority of the Ways and Means Committee, a set of proposals which had in fact been offered on many previous occasions by their Republican Congressional colleagues.

The plan to reduce personal tax rates by a total of 30 per cent over three years was also not a new idea, having been a central feature of the Republican platform for the Congressional election of 1978. Moreover, it hardly represented the radical tax reduction that the supply-siders claimed since, as a result of the "bracket creep" caused by inflation, most taxpayers would find that they were paying a higher fraction of income in taxes in 1984 after the tax cut was fully phased in than they had paid in 1979, just after the previous tax cut.

Fundamental change

The most fundamental change in the personal tax, indexing the tax brackets and exemptions to changes in the consumer price Index beginning in 1985, was not part of the Administration's proposal, but was added by Congress which had been studying the idea for several years.

Although the Federal Reserve Bank's policy of decreasing the rate of growth of the money stock is critically important for achieving the Administration's goal of reducing inflation, this tight money policy also predates the current Administration. It was announced in October 1979 by Fed Chairman Paul Volcker, an appointee of President Carter, and is being pursued by the Bank's Board of Governors which is dominated by Carter appointees.

The narrow money aggregate (M1B) had increased more than 8 per cent in 1978 and more than 7 per cent in 1979. The Fed set a target range of 3 to 6 per cent for 1980 and slightly overshot the upper end of that range because of the very rapid money growth during the economic recovery in the second half of the year. For 1981, the Fed lowered the target range and demonstrated a firm resolve to achieve this lower rate of money growth.

In the past 12 months, M1B has increased only 4 per cent; adjusting for new banking rules that now permit interest-bearing checking accounts implies a 1981 M1B increase of less than 2 per cent, below the bottom end of the Fed's target range. Many who in 1980 doubted that the Fed was serious about its newly proclaimed monetarism became increasingly convinced in 1981 as the Fed maintained its tight money policy in the face of a developing recession.

Early in the year some of the Administration's monetarist supporters invoked the so-called rational expectations theory and claimed that the credible pursuit of a tight money policy would cause a dramatic fall in the expected rate of inflation and then a rapid and painless decline in the actual rate of inflation. Most economists, including most monetarists, were sceptical. The sceptics turned out to be right. Tight money raised interest rates to new highs and precipitated an unprecedented collapse in the housing and auto industries. Overall economic activity reached a peak in mid-summer and the economy was declining rapidly by the end of the year.

A sharp drop in interest rates accompanied the slowdown in economic activity. There continues to be substantial uncertainty about the future of interest rates. If the Fed continues to slow the growth of money, the increasing velocity is likely to keep short rates from falling. At the same time, however, the experience of lower inflation rates in 1982 should reduce inflation expectations and long-term interest rates. The decline in long-term rates will be both limited and retarded by the prospect of the higher short rates during the next few years and by the tax changes that raise the profitability of investment and therefore increase the interest rate that firms are prepared to pay in their competition for funds.

Spending cuts and deficits

The most novel aspect of the Administration's programme is the reduction in the growth of the government's non-defence spending. During the past two decades, the share of GNP accounted for by such outlays nearly doubled, from 9 per cent of GNP in 1960 to 13 per cent in 1970 and 17 per cent in 1980. Although the supply side rhetoric of the early days of the Reagan presidential campaign had spoken of tax cuts without spending cuts, the new Administration was quickly persuaded that slowing the growth of government spending was necessary to achieve a balanced budget.

Congress co-operated with the Administration by voting some \$30bn in cuts from the last budget submitted by President Carter and demonstrated that the new Congressional budget reconciliation procedure could work to keep a lid on government spending. Moreover, since many of the budget cuts represented changes in the rules for on-going "entitlement" programmes such as food stamps and public employment, the spending reductions imply a permanently lower level of government outlays.

Despite the spending reductions that have already been legislated, the Administration and most private economists now forecast that without further spending cuts the federal deficit will rise from 2 per cent of GNP in 1980 to 4 per cent of GNP in 1984 or about \$160bn. Half of this increase would reflect the increase in real military spending (from 5 per cent of GNP to 6 per cent) while the remaining 1 per cent of GNP would reflect the personal and business tax cuts. Although a continuation of the tight money policy would prevent such deficits from setting off a new round of inflation, there is the danger that a persistent budget deficit could absorb so much saving that the hoped-for rise in real investment could not occur.

The prospect of a large deficit may, however, give Congress the courage to make further spending cuts that would otherwise be politically impossible. Returning non-defence spending to the 13 per cent share of GNP that it had in 1970 would be more than enough to outweigh the combined effects of the existing deficit, the tax cuts and the proposed growth of military spending. Cutting real non-defence spending at the moderate (but nevertheless politically difficult) rate of 3 per cent a year would be sufficient to reduce its share of GNP to 13 per cent in just about four years.

In reality, a return to nearly balanced budget is likely to take more than four years and the deficits along the way will reduce investment below what it would otherwise be. The higher saving rate and the greater share of saving going into plant and equipment that result from the recently changed tax incentives will, however, help to maintain or even to increase the actual level of investment despite these deficits. Moreover, a temporary increase in U.S. imports from the rest of the world or decrease in U.S. exports could also permit the United States to have both an increasing government deficit and a higher rate of investment by, in effect, exporting some of the U.S. deficit to other countries.

Two dangers

There is, however, the danger that Congress will now react to the high unemployment rate in the current recession or to the growing budget deficit by adopting policies that destroy the long-term prospect for the success of the programme it adopted in 1981. If Congress focuses on rising unemployment and falling profits, it could revert to its old ways and call for a Keynesian stimulus to demand. This would mean increases in government spending and pressure on the Fed to expand the growth of credit for private spending. The result would be a return to higher rates of inflation and an even harder time controlling inflation in the future.

The second danger is that the growth of government spending will not be reduced. Although the budget deficit could be gradually eliminated by slowing the growth of government spending, there are many in Congress and elsewhere who do not want to see less government spending and who are therefore pressing for tax increases. Repealing the rate reduction that has already been legislated for 1983 and the automatic indexing now scheduled to begin in 1985 might reduce the deficit in the short-run, but would encourage greater government spending in the long-run. And repealing the special leasing rules that were enacted as part of the new depreciation rules would raise tax receipts but would significantly weaken the incentive to increase investment in plant and equipment.

In 1982, it will be important to see whether Congress and the Administration have the understanding and courage to take the long view and stick with the sound programme that they enacted in 1981.

Professor Feldstein is Professor of Economics at Harvard University and president of the U.S. National Bureau of Economic Research.

Men & Matters

Banking figure

Israel's Central Bank finally got a new governor yesterday, two months after the departure of the previous incumbent Arnon Gafny.

By chance, news of the Cabinet's decision to appoint Dr Moshe Mandelbaum reached his office only minutes after my man in Israel had arrived to interview the former director-general of the Ministry of Industry and Trade and economics lecturer at Bar Ilan University.

Questions had to wait on the congratulations and Mandelbaum's own query—happily and rapidly answered—about the chances of opening a celebratory bottle of whisky.

A seventh-generation Jerusalemite, the 48-year-old Mandelbaum was appointed the Bank's deputy governor only three months ago. He has economics degrees from both the Hebrew University in Jerusalem and Vanderbilt University in Tennessee.

In recent years, he has headed both the Industrial Development Bank of Israel and the Government's Foreign Trade Risk Insurance Corporation and served as chairman of the Diamond Institute.

Mandelbaum also found time to make an unsuccessful bid for election as mayor of Jerusalem on behalf of the National Religious Party, one of the partners in Begin's ruling coalition.

His main task during the next five years, he says, will be to persuade the Government to reduce its budget deficit. Boosting the private sector through a more generous credit policy while trimming public spending, he believes, would help both to bring down Israel's triple-figure inflation and close its balance of payments gap.

Past politics

Fate seemed to choose Tam Galbraith as an innocent augury of the close of an era in Tory politics after giving his father Lord Strathclyde a similar unwitting role in its beginnings.

Strathclyde, at the age of 90 still active in the Lords, was the man who from the platform at the 1950 Tory conference promised the party an ambitious housing programme of 200,000 new houses a year when it came to power.

In one of its rare revolts, the conference insisted on raising the target to 300,000 houses a year—and Strathclyde, then MP for Glasgow Pollok, caused some consternation by accepting it.

The revised programme was a factor in the Tories' 1951 General Election victory; and Harold Macmillan, as housing minister, established his political reputation by achieving the target within a couple of years.

Just over a decade later Tam Galbraith—Tory MP for Glasgow Hillhead who died at the weekend two days after the award of a knighthood — was thrust into prominence by the Vassall spy case.

John Vassall, later jailed for spying for the Russians, had worked in Galbraith's office during his term as Civil Lord of the Admiralty and questions arose about their relationship.

Galbraith resigned as Under-Secretary for Scotland in 1962 but after being cleared completely by the Radcliffe Tribunal was reinstated in the Government by Macmillan in May, 1963.

Within a month, however, the Establishment-bashing that marked the case was resumed with increased ferocity as the Profumo affair broke and led to Macmillan's retirement and the 1964 defeat at the polls.

Galbraith retained his seat in the Commons to complete a career of almost 34 years at Westminster. But the by-election now caused by his death ironically now spells more trouble for the Tories.

Waiting time

A progressive start to the New Year at the Stock Exchange—and one that may raise a few eyebrows from the floor this morning. Having become members, dealers, clerks and blue-buttons, women have now been admitted to the last remaining male enclave in Throgmorton Street.

Next week Margaret Brant and Linda Knight will join the ranks of the Stock Exchange waiters, the institution's security and messenger service.

They are among five new waiters being appointed to fill vacancies caused by retirement. More than 200 inquiries were received in response to an advertisement for the jobs.

Women have applied unsuccessfully for posts as waiters before. "But there was no closed shop . . . no bar against them," I am assured. These two ladies, both of whom previously held clerical jobs, were just the first to be considered "suitably qualified."

The two women, like all newcomers, will take part in an induction course before sharing the general, and more public duties of the 64-strong service. They will wear jackets and skirts to match the men's uniforms—black with red collar flashes, and fortunately more easily adapted to the changing times than the old frock coats and top hats.

Side splitting

French television's live debate on national humour on Saturday night turned out to be no laughing matter.

Glasses were broken, chairs overturned, obscenity-laden insults and threats exchanged and several of the more drunken of the 30 or so guests forcibly ejected from the studio before the end of the programme.

The occasion for the "debate" was the death of the viciously-satirical magazine "Charlie Hebdo" which for 13 years, when its issues have not been banned or seized, had taken on every taboo and sacred cow in French society.

Its volatile staff used the television programme to have a final fling against right-wing and youthful critics of their freedom of expression.

Producer and host Michel Polac admitted that "things got out of hand." But the programme was allowed to run its course.

"When you walk into a bistro, the words that the television audience heard are part of current conversation," Polac explained. "I don't see why on television we can't broadcast programmes on the same level. It's new."

Risk of a repeat next weekend was slight, Polac added.

Observer

1982

The prospect of neither heaven nor hell

By Jim Ball

THE indications are that the fall in output has been arrested, but whether temporary or permanent, Professor Ball argues that to suggest this means the end of the recession is premature.

Below, Barry Riley sees the key question for the British corporate sector being whether it has the ability to finance a revival in its fortunes to bring at least a modest recovery of activity in 1982.

THE EVIDENCE suggests that, allowing for the usual margins of error, total and industrial output in the UK ceased to fall by the end of the first half of last year. In the third quarter, total output as measured by the gross domestic product on an output basis recorded an increase of 0.7 per cent over the second quarter. Whether temporary or permanent, the fall in output has been arrested.

To suggest that this means the current recession has ended is premature. Certainly, for output as a whole and for many industrial and commercial organisations, the second half of the year will signify a turning point in their fortunes. But output remains substantially below the trend value that might have been expected, even on a pessimistic basis. In that sense, the recession persists, and indeed will persist for some time to come. Coupled with the relatively depressed state of output, unemployment has continued to rise during the course of last years, and must be expected to rise somewhat further on present policies, although at a substantially slower rate, into 1982.

The general consensus of current forecasts suggests that total output will continue to recover in 1982, at a very modest rate, possibly followed by some acceleration in 1983. This depends substantially on the prognosis for the OECD countries in general.

Some broad numbers and magnitudes for the UK in 1982 are given in the accompanying table, which reflects the central tendency implied by a number of recent forecasts. The numbers reflect my general view that the economy will neither sink violently into further recession nor recover strongly, as some commentators have suggested. The *prospect is* one neither of heaven nor hell although, for some, purgatory may still seem the order of the day.

FORECAST* (Rates of increase) 1982 compared to 1981	
Gross Domestic Product†	1.0%
Consumers expenditure†	1.0%
Gross fixed investment†	−0.8%
Consumer prices	10.8%
UK unemployment (wholly unemployed excluding school leavers, fourth quarter)	3.0m
Stockbuilding	+£270.0m

*Based on recent published forecasts. † 1975 prices.

The modest recovery forecast in total output, including the contribution to output made by North Sea Oil, will be accompanied by some revival in industrial production in general, and manufacturing industry in particular. The major impact on manufacturing industry has resulted from the behaviour of real interest rates and the exchange rate which, together with the wage explosion of 1980, have been the major proximate causes of massive destocking, output reduction and loss of profits.

This massive destocking should reverse itself. Indeed, for a number of industries, anecdotal evidence suggests that it has already come to an end.

Among the forecasters as a whole there is a substantial measure of agreement with regard to the shape of things to come in 1982, given the current basis of government economic policy. There are two notable exceptions to this. The Liverpool Group, under the direction of Professor Patrick Minford, presents a more optimistic view of the outlook over the next few years. The Cambridge Economic Policy Group (CEPG) under the direction of Professor Wynne Godley, on the other hand, interprets the current arrest to the fall in output merely as a stopping place at which to catch breath before the downward plunge of output and the inexorable rise in unemployment continue.

But one must not be deceived. While many of the other groups are closer together in terms of their actual projections of what will happen with unchanged policies than Liverpool and Cambridge, this apparent agreement conceals profound disagreement about what might reasonably be achieved by the discretionary exercise of economic policy.

For the National Institute of Economic and Social Research (NIESR), incomes policy remains a key element in any attempt to produce a more satisfactory future both for output and employment. For the London Business School, in the longer term incomes policy is a hopeless attempt to reconcile unconstrained aspirations and economic reality, the latter demanding a medium-term commitment to a disciplined fiscal and monetary policy.

Any comparison of views about the British economy must be made along a limited number of dimensions. For present purposes, I focus on three.

● The first of these concerns the competitive position of the UK economy in the world at large. It should be familiar ground that the combination of excessive wage increases in 1980 (in particular), coupled with a strong exchange rate, resulted in a major loss of UK competitiveness in the international economic world. This impinged at the outset on the profitability of exporting and *surprisingly* little, as it happened, on the volume of exports. Clear differences of opinion arise as to whether and how competitiveness can be restored.

The Liverpool group postulates that not only will competitiveness be restored to a "normal level" by 1983, but also that this can be achieved without any further major decline in the nominal exchange rate. That is to say, competitive pressures will restrain the rate of growth of unit labour costs to bring about the desired result.

However, at the other extreme the CEPG believes that wages cannot be expected to make any such adjustment, while any attempt dramatically to alter the competitive position by managing the nominal exchange rate will merely result in runaway inflation.

● The second important dimension concerns the behaviour of real consumers' expenditure. Here, the principal difference concerns the interpretation of the consequences of a fall in real disposable income in the immediate future. The London Business Schools (LBS) and the Liverpool Group are more optimistic than the CEPG and the NIESR in expecting that consumers will adjust their exceptionally high levels of saving downwards in order to protect their standards of consumption. To illustrate the point, while the NIESR expects total output to rise in 1982 by 0.6 per cent, the LBS expects it to rise by 1.7 per cent. I estimate that about half the difference in that forecast arises from the difference in forecasting consumers' expenditure. For the Treasury, real consumption will show no *growth in 1982.*

● The third principal dimension concerns the behaviour of both stockbuilding and private fixed non-residential investment. It should be common ground that destocking and the emergence of major additional unemployment during the recession are the result of the enormous squeeze on corporate profitability. The behaviour of corporate profits and the financial state of the company sector *is therefore crucial* to the understanding of the behaviour of corporate expenditures in general.

When compared to others, the London Business School for example believes that stockbuilding will recover more strongly in 1982. On the other hand, the CEPG expects further decreases on a substantial scale.

However, a number of the forecasters believe that corporate profits will rise strongly in 1982, probably by 30 per cent, although from a disastrously low base, and that balance sheets are being and will be strengthened, to permit the maintenance of fixed investments over what might have been expected in relation to the volume of output, and resumption of stockbuilding, as both profits rise and interest rates fall.

It is perhaps not surprising that against this background the demands for reflation have increased. Demands, if not for a U-turn, then at least for some curving away from the present path, appear daily. Sad to say, most of these demands assume that the Government has actually been successful in achieving some of its apparent objectives.

In point of fact, the Government's rhetoric has substantially outrun its performance. The control of inflation, cuts in public spending, cuts in taxation, the increase in VAT, major increases in public sector prices, and substantial increases in public sector pay since the Government took office, reflect *incompatibilities* that the economy has been incapable of assimilating and still generate the path of nominal incomes and prices as outlined in the Medium Term Financial Strategy. More recently, the behaviour of world interest rates has been imposed on the Government's attempts to restore its fiscal and monetary fortunes. This has been its major piece of bad luck.

But the response to all this should not be in some sense to negate the attempt to provide the necessary financial framework within which inflation may be brought under control and jobs ultimately saved. The concept of a U-turn is quite inappropriate. Reflation, if this is to mean an increase in the general level of nominal demand (already expected to grow by more than 10 per cent in 1982), will do little or nothing in the short run to deal with the problem of unemployment.

Even favoured policies such as cuts in the national insurance surcharge will impact primarily on company profitability (which is already forecast to improve) rather than on *the* unemployed. Such a change is insufficiently discriminatory given the limits within which one can manoeuvre without totally abandoning the Government's attempts to put the nation's finances in order.

As I argued in these columns 12 months ago, the unemployment problems must be seen in the short and in the long term. In the short term, direct measures geared to the unemployed offer some hope of alleviating distress during the adjustment process through which British industry is passing and will continue to pass for some time to come. As to the longer run, further progress can only be achieved in the context of a coherent government industrial strategy which must encompass a long run view about public sector capital expenditures and the involvement of government in development and training programmes. These are matters which continue to demand government responsibility of a positive nature. On this front, since I wrote a year ago, I fear that the progress made so far has been disappointing.

Professor Ball is Principal, London Business School.

The corporate sector: early financial obstacles in the new year

AFTER THE agonies of the past two years, British companies will be hoping—with a reasonable degree of justification—that 1982 will bring at least a modest recovery in activity. But the key question for the coming year is whether the corporate sector will actually be able to finance a revival in its fortunes.

The closing months of 1981 brought some relatively encouraging statistics for British companies. From a low point touched last spring, manufacturing production had recovered by about 3½ per cent by October. Trading profits of industrial and commercial companies in the July-September quarter rallied by more than a fifth from the very depressed level of the same quarter of 1980.

Moreover companies have rebuilt their liquidity. The more successful of them managed to raise some £1.8bn through rights issues last year. And by dint of often drastic housekeeping measures, the industrial and commercial company sector achieved a financial surplus of around £1bn in the *first half of 1981.*

As 1982 opens, it is possible to point to a number of conflicting trends within the British economy which are pulling the company sector in different directions.

First, there is the long-term decline in manufacturing output caused by factors like the reliance on old industries, and the raising of sterling to uncompetitive levels by North Sea oil.

Second, there is the cyclical or short-term fluctuation in output caused primarily by adjustments to stock levels, which could be an expansionary influence in 1982. At the very least, it should be a much less contractionary factor than it was in the early part of last year.

Third, there is the relative buoyancy of other parts of the economy—notably oil and gas, but also many of the service and distribution areas.

Last year's cutbacks had a powerful effect in improving the financial health of companies. The reductions in stocks alone were worth something like £4½bn to cash flow in the first nine months of the year. Now profits are improving sharply, thanks largely to gains in productivity.

There is evidence, however, that the published figures may have exaggerated the underlying liquidity of the corporate sector. Huge amounts of tax remained unpaid for many months because of the civil servants' dispute. Recently, bank borrowing by companies has begun to increase again as the backlog is cleared, and the money markets are likely to remain very tight for some months yet.

So 1982—at least the early part—threatens to bring financial pressures for the company sector. Whereas 1981 began with the prospect of lower interest rates and an associated weakness of sterling — hopes which were fulfilled until September — the New Year opens with upward pressure on money rates.

Since interest payments cost industrial and commercial companies something of the order of £8bn a year this is of major *importance.* Moreover the Government appears determined to maintain the strength of sterling—thus limiting export profits, and restricting the ability of companies to raise their prices in the home market too, wherever there is import competition.

The worldwide recession can only serve to increase the problems of manufacturers, though the weakness in many commodity prices is an offsetting factor. The closure of the Invergordon aluminium smelter is only the latest reminder that the structural problems of industry remain to be fully tackled.

Last month the Bank of England calculated that in real terms the profitability of non-North Sea industrial and commercial companies had declined by early 1981 to a return of only some 2½ per cent of capital employed, the lowest recorded level. Any modest recovery achieved in 1982 has to be seen in this context.

When returns are so low, any phase of expansion is bound to come up against early financial obstacles. And arguably, industry has already been on a recovery tack for more than six months. By the third quarter of 1981, the rundown of stocks had already slowed sharply, and manufacturers' work in progress was beginning to rise after seven straight quarters of decline.

In comparative terms, however, reported company profits are going to look good in the coming months—stock market analysts are talking about average pre-tax gains of 20 to 25 per cent. This will allow many of the larger, healthier public companies to consider rights issues so long as the stock market remains reasonably firm.

So although the general expectation is that the corporate sector will move back into sizable financial deficit in 1982, the prospect is by no means a disturbing one—if only because company managers are likely to err on the side of caution in entering into new commitments.

Many companies will be relying primarily on gaining the benefits of the extensive surgery that has been undergone in the past two years. That surgery should bring relief — but looking beyond 1982, it will not necessarily bring a fundamental cure.

BARRY RILEY

1982 WORLD OUTLOOK

Recovery is just around the corner—again

By Anatole Kaletsky

THERE IS good news from economic forecasters for the New Year—the long-awaited world economic recovery is now just around the corner. The bad news is that the same economic recovery was just around the corner a year ago.

This time last year, the Organisation for Economic Co-operation and *Development, for* example, was forecasting real growth of 3 per cent for the industrialised world by the beginning of 1982. It now thinks that growth in the first half of the New Year is more likely to be about ½ per cent. The world will have to wait until the second half of 1982 and the start of 1983 for a return to what used to be regarded as acceptable rates of economic growth.

The main culprit in dis*appointing* last year's hopes that a significant economic revival would be well under way by about now has been the U.S. Far from providing the impetus which was going to pull the whole of the world economy out of recession; the spurt of rapid growth seen in the U.S. at the start of 1981 fizzled out rapidly and turned into a steep decline in the summer.

The consequences for the rest of the world have been doubly *depressing. Hopes of export-led* growth have been disappointed, particularly in Europe. At the same time, the unprecedented strength of the dollar, stemming from a combination of high interest rates and current account surpluses in the U.S., has made it more risky for European governments, worried about their exchange rates and inflation prospects, to stimulate domestic demand.

Japan, alone of the major industrial countries, has been able to buck these trends. Its ability to maintain growth of around 4 per cent throughout the world recession was due to a surge in export volume of around 20 per cent at an annual rate in 1980 and the early part of 1981. Domestic demand was supported by a big spurt of increases in public investment in the first half of 1981, which is now being cut back as private consumption and investment *pick up.*

However, even for Japan, the past two years have been traumatic. An economy which was growing at over 10 per cent before 1973 does not easily adjust to much lower growth rates, as the tide of bankruptcies in Japanese small businesses and the growing concern about the economy's excessive reliance on exports demonstrate.

The German economic miracle has been much less successful in surviving the world recession and prospects for the coming year cannot offer much comfort to Germans harking back to their economic heyday in the late 1960s. As in Japan, exports are the brightest spot for the economy. But unlike Japan, Germany shows no sign yet of a revival in domestic investment and consumption is still weak.

In terms of growth, France probably has the best short-*term prospects in Europe. But* inflation, trade deficits and doubts about the franc's stability make it difficult to be happy about the way the French economy is moving.

In the rest of the world, the patterns established over the past few years — with many Opec countries increasing their imports until their trade surpluses are almost eliminated and newly industrialised and developing countries with their own energy powering ahead, *while* the *really* poor continue to get poorer — seem likely to continue in the New Year.

A CONSENSUS OF FORECASTS

AN AVERAGE OF THE MAIN FORECASTING BODIES

All figures are % changes on average for previous year, unless otherwise stated

	Real gross domestic product		Growth in industrial production		Unemployment rate (% of total labour force)		Balance of payments (current prices in $bn)		Exchange rate v $ (end of year)		Fixed capital formation		Inflation	
	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982
OECD	1.2	1.9	0.8	1.9	7.25	8.0	−37	−24	—	—	−0.6	−1.5	10.1	8.6
EEC	−0.6	2.0	−2.4	3.3	7.8	8.5	−26	−20	—	—	−3.6	−0.8	11.6	10.8
U.S.	1.85	0.5	3.4	0.1	7.5	8.7	4.3	−3.8	—	—	1.3	−3.1	10.4	8.1
UK	−2.6	0.9	−5.9	2.1	10.6	12.8	11.5	2.6	1.89 ($/£)	1.91 ($/£)	−6.4	−1.2	12.0	11.0
Japan	3.9	4.5	2.8	4.1	2.2	2.3	6.5	14.7	222	195	2.3	1.25	5.1	3.7
West Germany	−1.0	1.3	−0.8	1.7	5.1	6.8	−11.3	−2.2	2.27	2.00	−4.1	−1.5	5.9	4.8
France	0.4	2.6	−4.8	3.7	7.7	8.5	−6.8	−5.2	5.74	5.54	−1.7	−0.2	13.4	13.9
Italy	−0.5	2.1	−1.7	2.5	8.2	8.9	−10.4	−5.6	1,210	1,172	−1.4	−1.2	19.5	16.1
Australia	3.4	3.8	5.8	4.1	5.6	5.3	−7.0	−7.4	0.89	0.85	10.0	5.1	9.9	10.9

NOTES:

1. For OECD and EEC figures, sources used were: OECD, EEC, Chase Econometrics, Wharton, Henley, London Business School, NIESR, Phillips and Drew, Simon and Coates.
2. For country forecasts, additional material was drawn from national forecasting agencies. UK: Treasury, CaI; U.S.: average of 40 main forecasting agencies published in New York Times; Japan: Fuji Bank; Germany: I.F.O., HWWA, DIW, etc.; Australia: McCaughen, Dyson.
3. Exchange rate forecasts were based on average of 20 forecasts completed by Euromoney Currency Report.
4. Balance of payment forecasts for 1982 in local currency were converted to $ by the forecast average exchange rate for 1982.

F.T. Statistics Department

Pru maintains growth in new life and pensions

The Prudential Corporation, the largest life company in the UK, has maintained the momentum of its growth world-wide in new life and pensions business.

New annual premiums advanced from £212.1m to £239.4m a rise of 13 per cent, the same rate of growth as in 1980, while single premiums at £131.5m (£104.4m) were 26 per cent higher compared with a minimal 1¾ per cent growth in 1980.

However, growth in individual life and pensions business in the UK from the main subsidiary, Prudential Assurance, showed a mixed pattern with annual premiums rising nearly 7 per cent from £62.3m to £66.5m, while single premiums were nearly 50 per cent up at £18.5m, against £12.4m.

Annual premiums on individual life business improved by a mere 5 per cent from £44.2m to £46.4m, while on self-employed pension contracts, annual premiums were 10 per cent higher at £20.1m compared with £18.1m.

Single premiums were buoyant in the UK, those on self-employed pensions rising over 50 per cent from £5m to £7.9m, while annuity sales were nearly 50 per cent up at £10.6m, against £7.2m.

Business in the industrial branch slackened last year, with annual premiums rising 7 per cent from £61.6m to £65.8m, against a 25 per cent increase in 1980. This reflects the impact of the recession on the class of policyholder using industrial branch contracts.

However, the Pru's UK group pensions business held up remarkably well last year, despite the recession. Annual premiums went ahead by 6 per cent from £42.7m to £45.2m and single premiums by 36 per cent from £28.4m to £38.7m. The company itself showed an 8 per cent rise in annual premiums to £26.2m and a 17 per cent rise in single premiums to £25.9m.

The managed fund subsidiary, Prudential Pensions, had a slight rise in annual premiums to £19m, but doubled its single premiums to £12.8m.

The new business results of the linked-life subsidiary, Vanbrugh Life, were excellent on annual premium business which expanded from £2.1m to £7.8m, with most of the growth coming from the succesful marketing of its self-employed pension contract with its loanback facility.

Annual premiums on this contract rose tenfold from £650,000 to £6m. Single premiums dropped nearly one-third from £39m to £29.3m, but in addition the company's Jersey subsidiary took £17m on its successful currency fund.

Overseas business of the Corporation was also buoyant. New annual premiums on individual life and pensions business of Prudential Assurance were 25 per cent higher at £32.7m (£25.6m) while single premiums doubled from £18.5m to £39.8m.

The growth in new long-term business of the reinsurance subsidiary Mercantile and General Reinsurance Company came mainly from overseas. New annual premiums were 20 per cent higher at £21.4m (£17.8m), but single premiums came back 15 per cent from £6.1m to £5.2m.

YorkMount set for the USM

York Mount Group, a Leeds-based construction company, is joining the Unlisted Securities Market following a placing by Hill Woolgar of 1m ordinary 10p shares at 46p each.

All the money raised, £397,300 after expenses, will be for the company. The directors say that the increased capital base will allow the group to undertake more and larger building contracts.

The company was formed in 1971 by the present chairman, Mr Harry Turpin. The principal business of the group is building, though it has also moved into property investment and industrial and office partitioning. York also operate a small printing works and last year bought Universal Fertiliser for £95,000.

In the nine months to September 30 1981, the breakdown of trading profits shows that construction made £152,000, partitions £10,000, property investment £32,000, printing £15,000, and Universal incurred a £3,000 loss.

The group's record shows that pre-tax profits have grown from £15,000 in 1976 to £132,000 in 1980. In the first nine months of 1981 the pre-tax surplus amounted to £219,000.

The company is forecasting that profits for the full year will not be less than £254,000. On this basis the company is coming to the USM on a prospective p/e of 15.08 (fully diluted for the convertible shares).

The directors intend to pay a single dividend of 2.1p per share —if the company has been quoted for a full year the payment would have been 4.508p per share indicating a yield of 14 per cent.

Three quarters of the capital —the non-participating convertible shares—is in the hands of the directors and senior managers. These shares will not receive dividends until 1984. The convertible shares will be convertible into the ordinary on a straight one-for-one basis after the year ended December 1983.

Brokers to the issue are Northcote and Co.

New trust aims at 'recoveries'

A NEW investment trust specialising in recoveries and recently formed companies is being launched by stockbrokers, Smith Keen Cutler.

Asset Special Situations Trust is raising just under £3m by the placing of 10m shares at 30p. Warrants are attached to the ordinary shares on a one-for-ten basis. The warrants entitle holders to purchase one ordinary share for 30p on August 30 in any of the years 1983 to 1990.

The company will be managed by its directors. These are Mr D. K. Rowe-Ham, a senior partner of Smith Keen Cutler, Mr J. M. Wardle, a senior partner of solicitors Edge and Ellison, Hatwell Pritchett and Co., Mr J. M. G. Andrews, previously chief executive of Brandt's, the merchant bank, and Mr F. C. Wardle, a Midlands industrialist (no relation of J. M. Wardle).

There will be four main areas of investment. One, listed companies thought to be recovery prospects. Two, listed companies with above average growth potential. Three, private companies with sound track records seeking additional capital. Four, management buy-outs with the investment taking the form of equity and preference shares or equity and loan capital.

Market conditions, the directors say, may necessitate the maintenance of "a significant level of liquidity." The initial working capital available will be invested in gilt-edged stocks and short-term deposits.

The directors say: "The return on certain of the company's investments may be small and capital growth will be the main investment objective." In addition the board stresses, "investment in recovery situations and in young companies usually requires a longer-term view and may well involve a greater degree of risk than investment in well established companies."

The company has available on normal banking terms a facility of £1.5m although the directors say "It is not envisaged that in the present era of high interest rates any material use of bank facilities will be necessary or appropriate."

The total expenses of the placing are about £95,000 including a £20,000 fee to Smith Keen Cutler, the brokers to the issue. Edge and Ellison, Hatwell Pritchett and Co., where Mr J. M. Wardle is the senior partner, will receive a fee in connection with the company's formation, preparation of the document and the placing agreement.

The directors say: "It is certain that Smith Keen Cutler and likely that Edge and Ellison, Hatwell Pritchett and Co., will in future receive commissions or fees in connection with further work undertaken."

The articles of association oblige the directors to propose a resolution to wind up the company at a general meeting between December 1 1991 and December 31 1991.

The company will be listed on the Stock Exchange and dealings are expected to start on January 7.

● comment

Asset Special Situations Trust is obviously not an investment for the unadventurous. The technique of aiming for special situations with an above average risk in order to get above average gains is as old as the concept of investment itself. Channelling funds through an investment trust, rather than by direct equity holdings, does give a spread and thus reduces the danger of substantial losses. But equally a spread reduces the chances of exceptional gains. How the fund performs will depend on its managers. They have no track record as such, unlike the older established investment trust houses. So potential investors are left to weigh up the abilities of the personalities involved. There is a clear Midlands bias and presumably local contacts will enable the managers to spot some situations, especially unquoted ones, before the rest of the investing public. The provision for winding-up after 10 years has proved a useful means of limiting the discounts on other specialised trusts and may do so for this one.

FT Share Information

The following securities have been added to the Share Information Service:

A and G Security Electronics (Section: Electricals).
Credo Petroleum Corporation (Oil and Gas).
McLeod Russel 8.4 per cent Cum. Red. Pref. 1990-92 (Teas—India and Bangladesh).
New Australia Investment Trust (Investment Trusts).
Nimslo International (Leisure).
Sampang (Java) Rubber Plantations (Rubbers).
Saxon Oil (Oil and Gas).
Television South (Leisure).
United Ceramic Distributors (Buildings).

SPAIN

High 1981	Low 1981		% Price Dec. 30
339	251	Banco Bilbao	335
345	280	Banco Central	335
320	229	Banco Exterior	303
330	239	Banco Hispano	325
128	115	Banco Ind. Cat.	115
383	284	Banco Santander	347
219	148	Banco Urquijo	214
368	262	Banco Vizcaya	335
252	203	Banco Zaragoza	220
165.5	82	Dragados	124
75	45	Espanola Zinc	60
72	55	Fecsa	64.7
55	22	Gal. Preciados	43
82.7	63.5	Hidrola	76.5
62.5	52	Iberduero	58
102.5	70	Petroleos	89.3
104	70	Petroliber	101
102	40	Sogefisa	40
80	60	Telefonica	73
78.2	60	Union Elect.	72

CORAL INDEX

Close 528-533 (unchanged)

THE TRING HALL USM INDEX

118.0 (unchanged)
close of business 31/12/81
BASE DATE 10/11/80 100
Tel: 01-638 1591

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Assoc. Dairies	Jan 28	Int. 1.75
Assoc. Newspapers	Jan 9	Final 5.9
Assoc. Paper Inds.	Jan 15	Final 0.78
*Berisford (S. and W.)	Jan 14	Final 6.5
BET	Jan 15	Int. 1.883
Brown (J.)	Jan 30	Int. 1.75
Centrovincial Estates	Feb 12	Int. 1.33
City Offices	Feb 10	*Sec. int. 1.8
City of London Trust	Jan 9	Sec. Int. 1.1
Daejan	Jan 27	Int. 1.225
Daily Mail and Gen. Trust	Jan 9	Final 16.5
*Dixons Photo	Jan 14	Int. 1.312
Dowty	Feb 12	Int. 2.2
*Electronic Rentals	Jan 7	Int. 1.167
*Eurotherm Intl.	Jan 27	Final 3.0
Fitch Lovell	Jan 29	Int. 1.491
Guinness Peat	Feb 10	Int. 2.75
*Hickson and Welch	Jan 7	Final 5.0
*Hogg Robinson	Jan 12	Int. 3.0
Imperial Group	Feb 12	Final 4.5
Kenning Motor	Jan 14	Final 3.75
*Lloyds Bank	Feb 19	Final 9.5
Lonrho	Feb 5	Final 6.0
MFI Furniture	Jan 27	Int. 1.1
*McCorquodale	Jan 6	Final 5.25
*Magnet and Southerns	Jan 13	Int. 2.0
Mercantile House	Jan 26	Int. 5
*NatWest	Feb 23	Final 12.25
*Pleasurama	Jan 5	Final 4.5
*Racal Electronics	Jan 13	Int. 1.15
Rank Org.	Jan 21	Final 6.0
Ratners (Jewellers)	Jan 12	Int. 0.67
*Raybeck	Jan 15	Int. 1.13†
*SGB	Jan 12	Final 3.0
Samuel (H.)	Jan 8	Int. 1.5
Tate and Lyle	Jan 21	Final 6.5
Thorn EMI	Jan 9	Int. 4.05
Trusthouse Forte	Jan 21	Final 9.643
*Union Discount	Jan 27	Final 14.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective December 19

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	16¾	16½	16¾	17¼	17¼	17¼
Over 5, up to 6	16½	16½	16¾	17¼	17¼	16⅞
Over 6, up to 7	16½	16½	16⅞	17¼	17¼	16⅞
Over 7, up to 8	16½	16⅞	16⅞	17¼	17¼	16⅞
Over 8, up to 9	16⅝	16½	16½	17¼	17¼	16⅝
Over 9, up to 10	16⅞	16⅜	16⅝	17⅛	17⅛	16⅝
Over 10, up to 15	16⅝	16½	16⅜	17⅛	16⅞	16⅝
Over 15, up to 25	16½	16	15⅞	16⅞	16¾	16½
Over 25	16	15⅞	15⅞	16¾	16¾	16½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	14½	½-year	1,000	4-8

The outlook for 1982

INTERNATIONAL BONDS

BY ALAN FRIEDMAN

More famine than feast

THERE SHOULD be room for one more rally in the Eurobond market during the first quarter of this year, but the second half of 1982 may bring renewed upward pressure on interest rates and could offer more of a famine than a feast for Europe's volatile capital markets.

This appears to be the consensus view of Euromarket investors, issue managers, and traders returning from the New Year holidays. More than ever, the key ingredients in determining how the market behaves will be the impact of the U.S. Government's 1982 budget deficit and the fate of the American economy.

The deficit could range between $80bn and $100bn, which imposes an enormous burden on the U.S. credit markets. Their ability to finance the deficit is bound to be felt in European capital markets which over the past year have followed closely the trend in New York.

As for the U.S. economy, recent indicators paint a picture of bona fide recession. This, in turn, *has sustained* the November rally in the Euromarket, although prices withered in the weeks before Christmas.

The big question is now whether the rally can be revitalised. Short-term interest rates may not shift radically in the next few weeks, but a little more statistical input about the U.S. recession could spur another rally.

Dr. Henry Kaufman, the Salomon Brothers economist, said last month that the bond rally was 75 per cent over. He added that this leaves open the prospect of a further rally in the opening months of 1982, but the *conditions are not yet* ripe.

Last year saw a phenomenal volatility in short-term interest rates. Federal funds ranged between a low of 10 per cent and a high of 24 per cent. The six-month Eurodollar deposit rate, a key indicator in the Euromarket, ranged between 12¾ per cent and 19¾ per cent.

The six-month Swiss franc rate fluctuated within an equally staggering band, between 5¼ per cent and 12¾ per cent. The D-mark rate reached both a high of 13¾ per cent and a low of 8¼ per cent.

Bankers have now grown used to volatility and despite the uncertainty it brings, there is room for profitability under the right circumstances. In the next 30 days the markets will be watching carefully to see whether the Federal Reserve eases rates. If it does, and if the U.S. economy shows further weakness, the Euromarket could be in for a profitable Lent Term.

As for the Eurodollar bond market's current yield curve, there is still money to be made by holding certain paper overnight. With a two-year yield of just above 15 per cent on quality paper and a 10-year yield of 16 per cent or more, positive carry still exists.

Looking ahead though, signs that the U.S. economy is set for second-half recovery could prove rather unhealthy for the Eurodollar bond market.

It is unclear whether the Euromarket will be able to produce still further innovations such as last year's warrants and zero coupons, but a difficult market is not a bad incubator for new techniques.

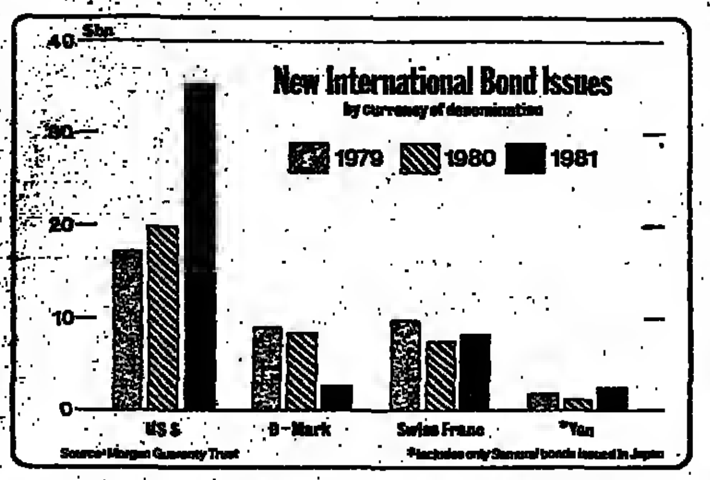
Last year has been called by some "The Year of the Warrant." Following a volatile patch last June, the summer saw the first bond issue with detachable warrants from Citicorp. This was soon followed by Transamerica, Wells Fargo and others. A warrant is simply a piece of paper which enables the bondholder to purchase additional bonds under specified terms.

To a certain extent the warrants have proved tradable in the market. It remains rather difficult, however, to assess their true value. The "Street" has a great deal of fun with them, but they remain basically a speculative instrument whereby, for a small initial outlay, an investor is taking a gamble that interest rates will drop over the life of the warrant.

The zero-coupon bond is less speculative in nature, but like the warrant issue, its attraction is greatest at times of exceptionally high interest rates. Such bonds pay no interest but are sold at a very deep discount so that they offer the prospect of large capital gains. Because of this structure they are unlikely ever to rise above par in secondary market trading, whereas bonds with high coupons would rise above par as interest rates dropped, reducing their lasting appeal to investors.

Will 1982 see yet another record coupon? This is the kind of question nobody wishes to answer for the time being. Last year saw a 17¼ per cent coupon paid by Trans Canada Pipelines on its $75m seven-year offer. The issue went well in a volatile market, but the borrower paid dearly.

Likewise, the Euro D-Mark bond sector saw an enormous 11½ per cent coupon paid by Venezuela on its November DM 100m issue. By the end of the year, however, it was possible to get away with a coupon of less than 10 per cent and the DM 300m paper for Australia even managed a coupon of 9¾ per cent.



In the convertible bond market, the big story was the slump in Japanese convertibles last September. Credit Suisse First Boston was one of the few European houses with the nerve to stop an issue (Toshiba's $100m convertible), but the decision was taken in view of dramatic selling pressure and a glut of new issues. The halt of Toshiba was simply common sense.

After a couple of months of hiatus, the Japanese borrowers were back again in December, albeit on a much-reduced scale. Now, the securities houses which count—Daiwa, Nomura, Yamaichi and Nikko—claim they have achieved a new system of self-regulation.

Working under the informal supervision of the Ministry of Finance in Tokyo, the Japanese lead-managers will inaugurate a quarterly limit of $1.5bn starting in April. They also plan to limit new issues to one a week.

The Eurobond market remains suspicious of Japanese convertibles, particularly because there is talk of a number of new issues this month and next. If the securities houses now favour self-regulation, why should they go about the business of new issues with less discipline in the weeks leading up to the start of the "new system?"

TOP LEAD MANAGERS IN THE EUROBOND MARKET

	$m
1 CSFB	3,657.7
2 Morgan Stanley	1,730.8
3 Deutsche Bank	1,393.0
4 S. G. Warburg	1,288.1
5 Merrill Lynch	1,154.0
6 Salomon Bros.	1,021.6
7 Nomura	902.1
8 CCF	805.0
9 Orion Royal	636.0
10 Morgan Guaranty	616.7

Note: Includes all public issues of Eurobonds (excluding foreign bonds in domestic markets in Europe, U.S. and Japan) issued in 1981. Full amount credited to lead manager, or divided equally between joint lead managers.

CREDITS

BY PETER MONTAGNON

Going getting tougher

TWO THINGS seem clear about the syndicated bank credit market at the start of 1982. First, last year's record borrowing levels are unlikely to be repeated and second, many borrowers are likely to find the going tougher with conditions on their loans tending to harden.

Last year saw a staggering increase in market activity. New loans totalled no less than $132.3bn, according to figures from Morgan Guaranty Trust. This compared with only $77.4bn in 1980.

But these figures disguise the fact that a large portion of the increase came from borrowing by U.S. corporations. U.S. offtake from the syndicated loan market last year rose to $54.2bn from only $6.7bn a year earlier and the bulk of these borrowings were arranged in the summer at the height of the merger mania on Wall Street.

Suddenly major corporations were raising massive amounts either to finance takeovers or to defend themselves against unwelcome bids. The record for *individual deals was set* by Gulf Oil and Mobil, each of which raised $6bn almost in a matter of minutes.

The pace of borrowing was seen in many market quarters as a testimony to the liquidity still available to top-rated borrowers, but it also took on a rather unreal air.

Indeed, the circumstances in which these loans were arranged were so unique that the episode seems hardly likely to be repeated. Meanwhile the rate of increase in other borrowings was very much slower.

Excluding U.S. borrowings, new business in the syndicated loan market rose by only $7.4bn to $78.1bn, which in turn was well below the record $80.5bn seen in 1979, and while banks were falling over themselves to lend to U.S. corporations, they were becoming decidedly more reserved towards some of their other clients.

Countries for which margins increased last year included such substantial borrowers as Italy, Mexico, Argentina and Chile, while in the autumn the fees had to be increased on two prestigious loans for the New Zealand Petroleum Corporation and for France's electric utility EDF.

The reasons for this were diverse, but common threads emerged which are likely to hold good into 1982. International banks have become more profit-sensitive and less willing to make loans on ultra-fine spreads. Some countries have saturated the market with too much borrowing and the long-drawn out Polish debt rescheduling has engendered an air of caution

Already lending to Eastern Europe has come to a virtual halt. In the final four months of last year only $170m of new credits were arranged for Comecon countries, while a group of international banks decided to shelve plans for an $80m credit to Romania because of that country's own payments problems.

Elsewhere in the world there were other reschedulings—for Costa Rica, Bolivia, Liberia, and Sudan—which only served to reinforce this air of caution so that finally banks began to talk of a generalised increase in margins whose effect would be felt well into 1982.

This thesis received a considerable boost last month from the Organisation for Economic Cooperation and Development which suggested in a report on the capital markets that harder conditions were in the offing.

Besides questions of profitability and increased country risk awareness, the OECD cited the softness in world oil prices as a factor likely to push up loan margins. Lower oil prices have severely limited the supply of new funds to the international banking system from oil exporting countries, some of which may increasingly turn into new borrowers, it said.

Overall, the OECD said, this would have the effect of reducing the fierce competition for new business in the syndicated loan market which has exerted a strong downward pull on spreads over the past three years.

In the past few months some countries have still been able to profit from this competition and to arrange credits on very low margins. In the Far East, Indonesia and Malaysia have each obtained 10 year money at a flat ⅜ per cent margin.

Many bankers now say that the tide is turning even in the competitive Far East market as banks look increasingly to the profitability of their transactions.

But it will still take some time for the effect of this to be clear. Japanese banks, which have in the past been market leaders in cutting rates, have again become very active with their quotas for the current October-March period increased to $8bn from $6bn in the preceding six months.

Arab banks have also become much more active over the past year, but the big question is whether they and the Japanese banks together will be able to offset the reserve now being shown by German, French and some U.S. banks.

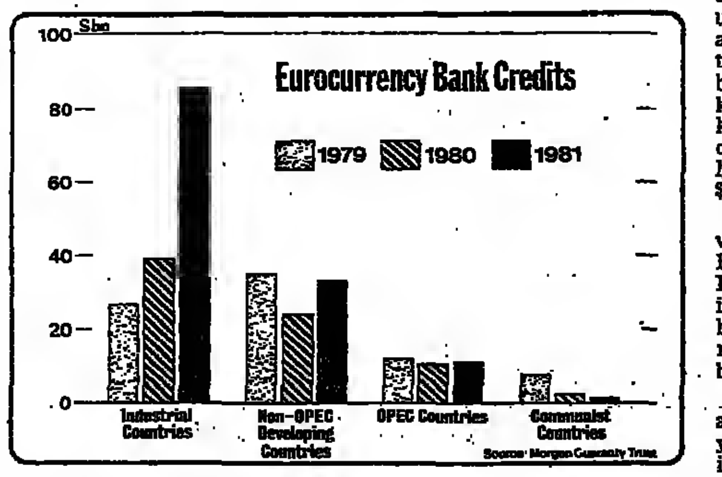
If they do not, there seems to be little prospect that a general increase in margins can be avoided. How far they would rise is another matter, and the OECD suggests that the pattern could vary between highly rated industrial countries and the less popular developing nations.

There is still no likelihood of really tight credit conditions developing, it says, with well-rated creditors continuing to enjoy adequate access to the market. Yet the prevalence of rescheduling operations may make the going very much harder for lesser credit risks.

As far as demand for funds is concerned, the OECD predicts little increase in the underlying level seen in 1981 after exclusion of the exceptional U.S. borrowings. Total borrowing on the credit market and international bond markets together is likely to rise only marginally to an underlying rate of some $130bn to $135bn.

But there will still be some very heavy borrowers in the Eurocredit market, especially in Latin America where Mexico is expecting gross foreign borrowing needs this year to reach some $20bn, only slightly below last year's $22bn.

Brazil is expecting to raise a total of some $14bn next year after $15.9bn in 1981. This is based on expectations of a current account balance of payments deficit of some $9bn to $11bn, net interest payments of some $9.5bn and amortisations of existing debt of some $7.2bn.



TOP LEAD MANAGERS OF SYNDICATED EUROLOANS

	$bn	Deals
1 Chase Manhattan	44.2	149
2 Citicorp Intl.	38.1	143
3 Morgan Guaranty	31.0	81
4 Bank of America	26.0	111
5 Man. Hanover	24.5	119
6 Nat. West	22.6	89
7 Bank of Tokyo	21.0	131
8 Bque. Nat. de Paris	16.2	57
9 Bankers Trust	16.0	65
10 Barclays Bank	15.0	68
11 Ryl. Bk. Canada	14.6	95
12 Bk. of Nova Scotia	14.1	64
13 Arab Bkg. Corp.	14.0	66
14 Bk. of Montreal	13.7	53
15 Cred. Lyonnais	13.7	86
16 Sumitomo Bk.	13.4	70
17 Gulf Intl. Bk.	12.5	69
18 Ind. Bk. of Japan	12.2	48
19 Lloyds Bk.	12.0	88
20 Fuji Bk. Grp.	12.0	68

Source: Caploan International Finance Data Ltd.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Beatrice Foods on target despite slowdown in growth

BY TERRY BYLAND

MR JAMES DUTT, chairman of Beatrice Foods, the Chicago-based food maufacturer, remains confident that 1981-82 will he the company's 30th-consecutive year of increased sales and share earnings, although at the end of the third quarter, operating earnings are "flat."

Net earnings for the nine months show a gain from $233.5m to $298.6m or $2.92 a share with sales at $6.80hn against $6.55bn. For the whole of fiscal 1981, Beatrice earned $304m or $2.94 a share on sales of $8.8bn.

But this year's nioe months earniogs total takes in a $45.1m gain on the sale of Dannon, the former yoghurt subsidiary to BSN-Gervais Danone of France.

Moreover, the third quarter discloses a slowdown in growth, with net earnings at $84.6m or 78 cents a share compared with $80.8m last time. Sales were level pegging at $2.25bn.

Mr Dutt comments that net earnings are benefiting from an increase in interest income and a decrease in interest charges.

In May last year, the company set itself new corporate goals for the next five years of earnings growth of 16 per cent annually and an 18 per cent return on equity annually.

Further increases in profits from the company's food husinesses, which hring in nearly three quarters of current earnings, have heen predicted

For the full year 1981-82, earnings of $3.25 a share have been estimated on Wall Street, compared with last year'a $2.94, and there are hopes that the quarterly dividend will be increased this year. Further expansion outside the U.S. is also expected.

PCS planning increase in production of potash

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN Province of Saskatchewan plans a major expansion of potash prodnction by the end of this decade, which would make the prairie province the most important potash mining area in the western world.

Potaab Corporation of Saskatchewan (PCS), owned by the Provincial Covernment, now has 6m tons production capacity and will have 12.5m tons by 1989. Expansion will cost over C$2bn (US$1.8bn) in current dollars. PCS was created by the Provincial Government in 1976 and bas bought into five potasb mining operations in the Province. Its expansion programme is aimed to meet a forecast world demand for potassium chloride of 25m tons yearly or more hy the end of the decade. Cominco Ltd., mining arm of the Canadian Pacific Group, Potash Corporation of America, and European-owned Kalium Chemicals also have major expansion plans in Saskatcbewan in progress, and IMC Canada is considering adding 780,000 tons of addltional capacity.

Landis rights foreseen

BY JOHN WICKS IN ZURICH

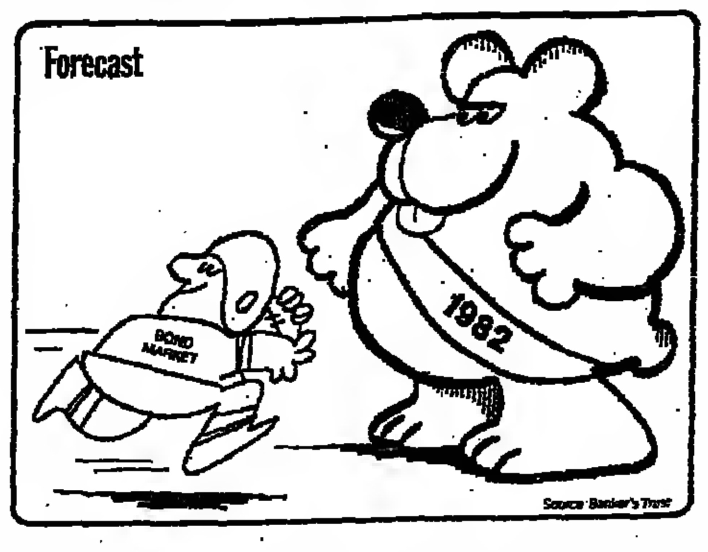
A FURTHER rights issue is foreseen by the Swiss electrical engineering company, Landis and Gyr, of Zug, for the current financial year 1981-82. According to the group's house journal, this is likely to involve the issue of one new share and participation certificate against every 14 existing units.

Landis and Gyr, whose total share capital currently amounts to SwFr 149m, recently announced a fall in group profits by 8.5 per cent for the business year ended September 30 to SwFr 54m, the lowest level since 1978.

U.S. BONDS

Bear traps for the unwary

BY DAVID LASCELLES



A CARTOON showing a football player marked "bond market" with a silly grin on his face, rushing headlong into the arms of a huge leering bear wearing a 1982 sash, is how one New York bank, Bankers Trust, sums up the prospects for the capital markets this year. Its author, Alan Lerner, the bank's money market economist, is not known for his optimism on interest rates, and a lot of people will dismiss it as the work of yet another of those gloomy gurus who have wrecked Wall Street's hopes so often in the last couple of years. But a cheerier wit has yet to produce a cartoon showing a footballer racing to victory in 1982.

The fact is that while the New Year may he dawning in roseate hue, with interest rates down sharply from their summer peaks and the credit markets in better sbape, the foothall field is still mighty wet and slippery.

At best, Wall Street expects interest rates to he slightly lower on average this year than they were last. But some people fear that the credit markets could be struck by yet another crisis—their fourth in only two years—if Wall Street's already battered faith in Reaganomics begins to fail. Insofar as there is a consensus in these wild and unpredictable times, it is that interest rates will continue on the downward, jagged, path they began in the middle of last year, but with plenty of bear traps to catch the unwary.

Like last year, much of what happens will be determined not on Wall Street but down in Washington as the Reagan Administration grapples with its hudget prohlems against mounting political odds, and the Federal Reserve hangs in with the toughest and most sustained monetary squeeze the U.S. has ever experienced.

Wall Street has already resigned itself to a record budget deficit this year of the order of $80-$100bn, so the Treasury's huge borrowing needa in the coming months have to some extent heen discounted. The market'a mood is more likely to he shaped by the prospects for the 1983 budget, which at the moment are not good.

To reduce the deficit next year, President Reagan will have to decide in the next few months whether to raise taxes or cut into precious social programmes, a decision which will he tricky in the run-up to the mid-term elections in November. But unless Wall Street can see hope for a drop in Government borrowing, the chances of a sustained rally in the bond market must be rated slim. The Reagan-mandated cuts in Federal subsidies to local and state government have also saddled local anthorities with fearsome budget prohlems, forcing them to borrow more and/or raise taxes as well.

The biggest point in the market's favour is—ironically—the very one that makes the Administration most uncomfortable: the recession. The drop in interest rates in the final quarter of 1981 was largely due to the collapse of the economy, and the longer the recession lasts, the more time the capital markets will have to recuperate.

The Fed's unrelenting monetary policy was the culprit, with the prime rate standing at over 20 per cent for much of the year. But, though nobody likes recessions, the hope, in the financial community at least, is that Mr Paul Volcker, the chairman, will huild on the Fed's newly-won credibility and resist political pressures to ease up. With inflation now running at an annual rate of 7 to 9 per cent, compared to 12 per cent in 1980, monetary policy finally has something to show for it. But Mr Volcker keeps intoning the message that it wonld be wrong to think the hattle is won.

To the White House's credit, it has shown remarkahle self-restraint in its comments about Fed policy—except for one brief lapse in Octoher. Bnt the truce is bound to show signs of strain in the coming months, particularly if the economy is slow to pick up. The Fed's targets for money supply growth in 1982 are even lower than they were in 1981. While that may be excellent news for those who want to see inflation licked once and for all, it provides no cheer at all for laid-off autoworkers, bankrupt housebuilders and—ultimately—the Congressmen who have to go to the polls next autumn. Mr Volcker will need a very thick skin to survive the year unscathed.

For investors and borrowers alike, 1982 is bound to favour the nimble-footed. Catching the peaks and troughs, spotting the "windows" in interest rates, will be the name of the game. Even though corporations borrowed billions of dollars during the brief hut powerful rally in November, the backlog remains enormous, and corporate balance sheets are groaning under the strain of short-term deht. This overhang is bound to limit whatever rallies develop.

Senior posts at Jardines

● JARDINE, MATHESON AND COMPANY, Hong Kong, bas appointed five assistant directors and six general managers. The assistant directors are: Mr John Barton, chief financial officer of the Jardine Glanvill Insurance Broking Group in London; Mr Christopber Brown, group treasurer; Mr Peter Collins, vice-president, finance, Olayan Saudi Holding Company, a Jardine associated company in Saudi Arabia; Mr David Morris, managing director, Gammon (Hong Kong), a Jardine subsidiary and Mr Hiroshi Yasuda, director, Jardine, Matheson and Company (Japan).

The newly appointed general managers are: Mr Patrick Alexander, executive manager, China trading division; Mr Kenneth Chan Kai-Chi, chief accountant, head office accounts department; Mr Hamish Fordwood, manager, oil and gas department; Mr Andrew Russell, director and vice-president, natural resources, Jardine Davies Incorporated; Mr Colin Wearmouth, finance director, Jardine, Matheson Regional Holdings (SEA) PTE and Mr Stephen Young Mai-Tsing, director, Jardine Markatiog Services Limited (JMS), and manager, wines and spirits division.

Jardine Fleming and Company has appointed Mr Alan Smith deputy managing director and Mr David Miller a director. Mr Smith is in charge of the group'a corporate finance department. Mr Miller is deputy general manager of Jardine Fleming (Securities) Tokyo branch.

Jardine Fleming (Securities) has appointed Mr Michael Connors and Mr Yoshio Hoshino directors. Mr Richard Witts, previously secretary of the Hong Kong Stock Exchange, joins the company as a director

● Mr Jack M. Greenberg has been made executive vice-president and chief financial officer of MCDONALD CORPORATION, Oak Brook, Illinois, from February succeeding Mr Richard J. Boylan who is retiring. Mr Boylan will retain his seat oo the Board of directors and Mr Greenberg will be nomioated for a seat on the Board.

● Mr Derek Douglas has been appointed managing director of ARMCO UNDERWRITING MANAGERS, Hong Kong, underwriting agency of the Armco Financial Services Group which underwrites in the colony on behalf of British Natiooal another AFSE company.

INTERNATIONAL APPOINTMENTS

● Mr Joe C. Culp has been named president of telecommunications for Rockwell International's commercial electronics operations, Dallas. Mr S. D. Spence will succeed Mr Culp as vice-president and general manager of the Collins transmission systems division.

● Mr Wilfred P. Schmoe, vice-president International Petroleum Production of Conoco Inc., has been elected to the newly created position of vice-chairman of the Board of directors of CONOCO INC., a subsidiary of E. I. Du Pont De Nemours and Company, Inc. Mr Schmoe will share througb assignment the duties, responsibitities and authority of the office of the chairman. Succeeding Mr Schmoe is Mr F. E. Ellis, who bas served as vice-president and special assistant to the chairman since May 1980. Mr Ellis, formerly vice-president ln charge of North American Petroleum Production, will return to Houston as vice-president for international production.

● CITIES SERVICE COMPANY, New York, states that Mr Charles J. Waidellch has been elected chairman, succeeding Mr Robert V. Sellers, who stated his intention to oot stand for re-election as a director at April's annnal meeting. The company said Mr Robert H. Chitwood bas been elected to succeed Mr Waidelich as president, with hoth changes effective Jaouary 1. Mr Chitwood will also become chief operating officer at that time and bas become a board member. He will be succeeded as president of its petroleum products group by Mr David H. Hentschell, who has been executive vice-president, planning, technology and services.

Mr John H. Oltmann bas been elected senior vice-president, technology and aervices.

● HUDSON'S BAY OIL AND GAS COMPANY, Calgary, states that Mr Gerald J. Maier has resigned as chief exective and taken early retirement. He remains chairman and a director until completion of the merger by Hudson's Bay into a unit of Dome Petroleum. Mr William Richards has been elected president and chief executive. Mr Richards who is president of Dome Petroleum fills a vacancy in the president's post caused by the resignation of Mr Richard F. Haskayne earlier this year. Hudson's Bay shareholders will vote January 13 on the proposed merger with Dome Petroleum.

● Mr Yngve Burnelius has become deputy managing director of SOLNA OFFSET, a subsidiary of the Swedish Grafoprint Group. At Grafoprint's annual meeting scheduled for June, Mr Hans Wallgren, chief executive officer of the Grafoprint Group and at present acting as managing director of Solna Offset, will be appointed working chairman of the Solna Offset board. At the same time Mr Burnelius will take over as Solna's managing director. Mr Burnelius ia at present director of finance at Bahco.

● Mr Homer M. Byington III has joined EUROPEAN AMERICAN BANK, New York, as senior vice-president, international division. Mr. Byington is in charge of EAB's Latin America and Middle East units as well as the bank's Edge Act office in Miami. In addition, he is responsihle for strategic planning on a division-wide basis. Before joining the bank, he was with Bankers Trust Company.

● The supevisory board of WESTLAND/UTRECHT HYPOTHEEKBANK bas decided to appoint as member of the supervisory board Mrs E. Veder-Smit from Leeuwarden, ex-Secretary of State for Public Health and the Environment. The board intends to appoint to the board of management Mr M. B. Bolle. Mr Bolle, who is at present Director of Loans, follows Mr K. A. Verhey, who has retired. The appointments will become effective after the annual meeting planned for April.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101½	102	0	+0⅜	13.02
APS Fin. Co. 17¼ 86 ...	90	102⅞	102⅞	0	0	16.35
Armco O/S Fin. 15⅜ 88	50	100¼	100¾	0	+0¼	15.20
Bank Montreal 16⅞ 91	150	100⅞	101⅜	+0¼	+0⅛	16.00
Br. Colum. Hyd. 16⅞ 86	100	101⅞	102⅜	0	−0⅛	15.68
Br. Colum. Mfa. 17 97	54	103⅛	103⅝	0	0	16.36
Can. Nat. Rail 14⅞ 91	100	95⅛	96⅛	0	0	15.45
Caterpillar Fin. 16½ 86	100	102⅜	102⅞	0	+0⅛	15.64
CFMP 16¾ 96	100	102⅝	103⅛	0	+0⅛	16.21
CIBC 16⅜ 91	100	102⅜	102⅞	0	0	13.16
Citicorp O/S 16¾ 86...	150	103	103½	+0⅛	+0½	15.67
Cities Service 17 88...	150	103½	104	0	+0⅛	15.98
Con. Illinois 14⅞ 84 ...	100	99⅛	99⅝	0	+0⅛	14.94
Cons.-Bathurst 17½ 88	60	103	103½	0	+0⅛	16.63
CPC Fin. 16⅜ 86	50	104⅝	105⅛	0	+0⅛	15.15
Dupont O/S 14½ 88...	400	99	99½	0	0	14.66
EIB 16½ 88	100	102½	103	+0⅛	+0⅛	15.74
EIB 16⅜ 91	100	103	103½	+0⅛	−0⅛	16.04
GMAC O/S Fin. 16½ 84	300	101⅛	101⅝	0	+0⅛	15.78
Gulf States O/S 17½ 88	60	103½	104	0	0	16.48
Nat. Bk. Canada 16½ 88	40	101	101½	0	+0¼	16.78
Nat. West. 14¾ 91	100	99	99½	0	0	14.89
New Brunswick 17 88	60	104⅞	105½	+0½	+0⅛	15.66
Newfoundland 17⅜ 88	60	105⅝	106⅛	0	+0⅛	15.77
New. & Lab. Hy. 17⅜ 89	75	102⅞	103⅜	0	+0¼	16.48
Ohio Edison Fin. 17½ 88	75	102¼	102¾	+0⅛	+0⅛	16.80
OKG 15⅜ 97	50	97½	98	0	+0⅛	16.13
Ontario Hyd. 16 91 (N)	200	100⅞	101⅜	+0⅛	+0¼	15.74
Quebec Hydro. 17⅜ 91	150	105⅜	105⅞	0	0	16.03
Quebec Province 15⅞ 89	150	98⅜	98⅞	0	+0½	15.61
Saskatchewan 16⅞ 88...	100	101	101½	0	+0⅛	15.81
Shell Canada 15¾ 91 ...	100	102⅜	103⅛	+0⅛	−0⅛	15.10
Sweden 14½ 88	150	94⅝	95⅛	−0⅛	−0⅛	15.75
Swed. Ex. Cred. 16½ 93	75	101⅝	102⅛	0	+0⅛	16.11
Tenneco Int. 17 89	100	103⅜	103⅞	−0⅛	−0⅛	16.09
Texas Eastern 15⅞ 88...	75	97½	98	0	0	16.43
Transcanada 17⅜ 88 ...	75	104½	105⅛	−0⅛	−0⅛	16.43
Transcanada 16 89	100	98⅞	99⅜	0	+0½	16.18
Walt Disney 15¾ 86	190	101⅝	102⅛	+0⅛	+0⅛	15.09
Winnipeg 17 86	50	103⅝	104⅛	0	+0⅛	15.69
WMC Fin. 15½ 88	50	95⅞	96⅜	0	+0⅛	15.46
World Bank 16 88	210	101⅝	102⅛	−0⅛	−0⅛	15.30
World Bank 16 88	60	101⅝	102⅛	0	0	15.45
World Bank 16⅜ 86	130	102⅞	103⅜	−0⅛	−0⅛	15.29
World Bank 16½ 88	100	103⅛	103⅝	0	0	15.60

Average price changes... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	*99⅞	100⅛	0	+0¼	9.95
Asian Dev. Bank 10¾ 89	100	*101¼	101¾	−0⅛	−0¼	10.44
Belgalectric 11 91	100	*101½	102	0	+0⅛	10.63
CECA 10 91	120	*†101	101½	−1⅛	−1⅛	9.78
Coun. of Europe 10 91	100	*100½	101	+0½	+0⅛	9.86
Coun. of Europe 10¼ 91	100	*101¼	101¾	+0½	+0¼	9.99
EEC 10⅛ 93	100	*100⅜	100⅞	+0⅛	−0¼	10.02
EIB 9½ 90	200	*93¾	93¾	0	+0¼	9.62
EIB 10½ 91	200	*†102¼	102¾	−0⅛	+0¼	10.06
Finland, Rep. of 10½ 86	100	*100¾	101¼	0	0	10.21
Inter-American 10 91 ...	100	*†101½	102	−0¼	−0⅛	9.69
Inter-American 10⅛ 91	100	*100½	101	0	0	10.12
Japan Air Lines 8⅜ 87	100	*95¾	96¼	+0¼	−0⅛	9.02
Midland Int. Fin. 8½ 90	180	*93¼	93¾	−1	−0⅛	9.62
Mt. Bk. Dnmk. 10⅛ 91	100	*100	100½	0	0	10.45
Nat. West. 11 91	125	*104	104½	0	+0⅛	10.27
New Zealand 9¾ 89 ...	200	*100⅛	100⅝	+0⅛	+0⅛	9.67
OKB 10⅛ 91	150	*100⅝	101⅛	0	0	9.97
Quebec Hydro 10⅛ 91...	150	*102⅛	102⅝	+0¼	+0¼	9.86
Renault Acpt. 10⅜ 86	150	*100⅛	100⅞	0	+0⅛	10.57
Swed. Ex. Cred. 10⅛ 91	100	*99⅝	99¾	+0¼	+0⅛	10.12
World Bank 11 91	100	*103¾	104¼	−0¼	+0¼	10.21
World Bank 10 91	250	*100⅛	100⅝	0	0	9.93

Average price changes. On day −0¼ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	*94	94½	0	−0⅛	7.39
Asian Dev. Bank 8 90	80	*102¾	103	−0⅛	+0⅛	7.54
BFCE 6½ 91	100	*†95	95½	+0⅛	+0⅛	7.22
Belgalectric Fin. 7¾ 91	100	*101⅝	102	−0⅛	0	7.46
Bell Canada 7⅛ 93 ...	100	*106	106½	0	+0⅛	6.49
Bergen, City of 6⅜ 91	40	*99⅞	100⅛	−0⅛	−0⅛	6.74
Bel. de Autopistas 8 90	50	*100¼	100½	+0¼	+0⅛	7.94
CECA 6⅜ 91	80	*99⅜	99¾	−0⅛	−0⅛	6.82
Dome Petroleum 5⅜ 91	100	*93¾	94	−0⅛	−0½	6.57
Dome Petroleum 7⅛ 90	100	*104	104¼	0	+0½	6.60
Franc. Petroles 6½ 91...	80	*†95	95½	+0⅛	+0⅛	7.21
Genstar 7 91	100	*102⅞	103⅛	+0⅛	+0⅛	6.55
Int. Amer. Dv. Bk. 7 91	100	*99	99¼	−0⅛	+0⅛	7.12
I/S Elsam 8½ 91	60	*104	104½	0	0	7.87
Japan Air Lines 7¾ 91	100	*104¼	104½	+0⅛	+0½	6.63
Neder. Gasunie 8 91...	100	*106⅛	106⅝	+0⅛	+0⅛	7.05
OKB 7 93	100	*101	101½	−0⅛	−0½	6.85
OKB 7¼ 91	100	*101½	101¾	+0½	+0⅞	7.01
Oslo, City of 8 91	100	*106⅝	106⅞	+0⅛	+0⅞	7.02
Saint Etienne 8½ 91...	20	*104¾	105	0	+0⅛	7.77
Swed. Ex. Credit 7¼ 91	75	*98	98½	−1⅛	−1⅛	7.82
TNT O/S Fin. 8 91	50	*105½	106	+0½	+0⅞	7.16
Unilever NV 7½ 93 ...	100	*106⅜	106⅝	+0⅛	+0⅛	6.69
World Bank 5 91	100	*98⅛	99½	−0½	+1	6.87
World Bank 7 90	100	*100¾	101	−0⅛	−0⅛	6.85
World Bank 8 91	100	*105	105¼	+0⅛	+0⅞	7.25

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91...	16	†99⅛	100⅛	0	0	6.28
Australia 8⅛ 88	20	90⅞	91⅞	0	0	8.32
EIB 7¾ 88	12	98⅛	99⅛	0	0	7.98
Finland, Rep. of 8⅛ 87	15	†98½	99½	0	0	8.59
Int.-Amer. Dev. 8⅞ 91...	15	†101	102	0	0	8.63
New Zealand 8⅜ 87 ...	15	99¾	100¾	0	0	8.30

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98½	98⅞	0	−0⅛	17.27
Federal Dev. 17¾ 88 C$	40	†104⅞	105½	0	0	16.12
GMAC (Can.) 18 97 C$	60	†105½	106½	0	+1	16.25
Pancanadian 16½ 86 C$	65	†98	98½	0	0	16.93
Queb. Urban 16½ 86 C$	20	†100½	101½	0	0	16.42
Roynat 17¼ 86 C$	40	†100⅛	101⅛	0	0	16.92
Tordom Cpn. 13½ 85 C$	30	†94	95	0	−0⅛	16.63
M. Bk. Dnmk. 9 91 EUA	25	82	83½	0	0	12.07
SOFTE 8¾ 89 EUA	40	77¾	79	0	0	13.00
U. Bk. Nwy. 9½ 90 EUA	18	91	92¼	0	0	11.10
Algemene Bk. 10⅛ 86 Fl	60	†99⅜	100⅛	0	+0⅛	10.18
Amfas Group 12⅛ 86 Fl	40	†102¾	103⅛	−0⅛	+0⅛	11.36
Amro Bank 12 88 Fl	75	†102	102½	+0⅛	+0⅛	11.25
Amro Bank 12 86 Fl ...	60	†102	102½	+0⅛	+0⅛	11.31
Heineken NV 10 87 Fl...	100	†96⅛	97	+0⅛	+0⅛	10.81
Pierson 10½ 86 Fl	50	†98	98½	+0⅛	+1	10.73
Rabobank 12 86 Fl	50	†101½	102	+0⅛	+0⅛	11.47
Air France 14½ 86 FFr	200	92⅞	93⅞	0	+0⅛	16.70
Bk. America 14½ 86 FFr	250	93⅛	94⅛	0	+0⅛	16.50
Charb'nages 13⅞ 85 FFr	400	92⅛	93⅛	0	+0⅛	18.45
EIB 14½ 88 FFr	300	89⅛	90⅛	0	0	17.01
La Redoute 14½ 85 FFr	125	91⅛	92⅛	0	+0⅛	17.46
OKB 14 86 FFr	400	91⅞	92⅞	0	+0⅛	16.66
Solvay et C. 14⅛ 86 FFr	200	92⅛	93⅛	0	+0⅛	17.29
Swed. E. Cr. 14½ 88 FFr	250	92⅛	93⅛	0	+0⅛	17.07
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	0	−0⅛	17.34
Acona 14 85 £	20	90⅛	91⅛	0	−0⅛	17.42
Beneficial 14¼ 90 £	20	84⅛	85⅛	0	+0⅛	17.88
BNP 13½ 91 £	15	84⅛	85⅛	0	+0⅛	16.90
CECA 13¾ 88 £	20	88⅛	89⅛	0	0	16.26
Citicorp O/S 13½ 90 £	50	87½	88½	0	−1⅛	16.25
Fin. Ex. Cred. 13⅜ 86 £	15	90⅛	91⅛	0	+0⅛	16.90
Gen. Elec. Co. 12½ 88 £	50	85⅛	86⅛	0	0	15.89
Hiram Walker 14⅛ 86 £	25	93⅛	94⅛	0	−0⅛	16.27
Privatbanken 14½ 88 £	12	91⅛	92⅛	0	0	18.69
J. Rothschild 14¼ 90 £	12	92⅛	93⅛	0	0	15.73
Royal Trustco 14 86 £	12	93	94	+0⅛	+0⅛	18.21
Swed. Ex. Cr. 13½ 86 £	20	91	92	0	0	16.68
Akzo 9½ 87 LuxFr	500	85⅛	86⅛	0	−0⅛	12.82
Eurarom 9¾ 88 LuxFr ...	500	84⅞	85⅞	0	+0⅛	13.44
Eurofima 10⅛ 87 LuxFr	500	90⅛	91⅛	0	+0⅛	12.88
EIB 9¼ 88 LuxFr	600	86⅛	87⅛	+0⅛	+0⅛	13.03
Volvo 9⅞ 87 LuxFr	500	86⅛	87⅛	0	−0⅛	13.10

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/4	14⅛	14.29
Bank of Montreal 5¼ 91	0⅛	98	98½	29/4	17.06	17.37
Bank of Tokyo 5⅛ 91 ...	0⅛	98	98½	10/6	13⅛	13.48
Bk. Nova Scotia 5¼ 93	0⅛	99⅛	100⅛	29/4	17.06	17.06
BBL Int. 5 88	0¼	99⅛	99⅝	20/5	13⅛	13.57
BFCE 5⅛ 88	0⅛	99⅝	100⅛	26/4	16.94	16.94
Christiania Bk. 5¼ 91...	‡0⅛	98⅛	99⅛	5/2	15.66	16.72
Co-Ban Eurofin 5½ 91...	0⅛	98⅞	99	14/4	16.69	16.90
Den Norske Cred. 5½ 93	0⅛	97⅛	98	4/6	13.52	13.87
Genfinance 5⅛ 87	0⅛	100⅛	100⅝	30/4	17.06	16.98
Genfinance 5⅛ 92	0⅛	99⅛	99⅝	30/2	15½	15.56
Giro und Bank 5⅛ 91 ...	‡0⅛	99	99½	23/3	14.06	14.17
GZB 5⅛ 92	‡0⅛	98⅞	99	5/3	13⅛	13.29
Ind. Bank Japan 5⅛ 88	0⅛	98⅛	100⅛	9/5	13.31	13.21
Lloyds Eurofin 5⅛ 93	§0⅛	99⅞	100⅛	29/4	17.13	17.15
LTCB Japan 5⅛ 89	0⅛	†99	98⅛	16/1	18.32	18.46
Midland Int. Fin. 8 91	0⅛	99⅛	100⅛	30/4	17.06	17.04
Nacional Fin. 5½ 88	0⅛	†98	98½	25/3	17.31	17.62
Nat. Bk. Canada 5¼ 88	0⅛	99⅛	100⅛	24/3	17.31	17.33
Nat. West. Fin. 5⅛ 91...	§0⅛	99⅛	99⅝	15/1	18⅛	18.24
Ner. West. Fin. 5⅛ 92...	§0⅛	98⅞	100	23/4	17	17.04
Nordic Int. Fin. 5½ 91	0⅛	98⅞	99⅛	6/5	15⅛	15.78
Offshore Mining 5⅛ 91	0⅛	98	98½	2/8	13	13.23
Pemex 6 91	0⅛	98⅛	98½	8/4	17	17.26
Pemex 5⅛ 88	0⅛	*†98	98½	14/2	12.81	18.16
Sanwa Int. Fin. 5⅛ 88...	0⅛	*99½	100	24/3	17⅛	17.29
Sec. Pacific 5½ 91	0⅛	98⅛	99	24/5	13⅛	13.42
Societe Generale 5⅛ 91	0⅛	*99⅛	99⅝	22/1	18⅛	12.70
Sparebanken 8 87	0⅛	99⅛	99⅝	21/6	14.44	14.58
Standard Chart. 5⅛ 91	0⅛	98	98½	18/5	13.31	13.55
Sumitomo Fin. 5⅛ 88...	0⅛	99⅛	100⅛	6/2	19.56	19.59

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	100⅞	102⅛	0	2.82
Bow Valley Inv. 8 95	4/81	23.12	102	104	−1	21.41
Canon 6⅜ 95	1/81	829	117⅛	119⅛	−0⅛	3.92
Daiwa Secs. 5½ 96	12/81	513.3	†82	86	0	−1.95
Fujitsu Fanuc 4¼ 96	10/81	6770	103½	105	0	4.11
Furukawa Elec. 5¼ 96...	7/81	300	123⅛	125⅛	0	−1.60
Hanson O/S Fin. 9½ 96	8/81	2.74	190⅛	92	0	−1.79
Hitachi Cred. Cpn. 5 96	7/81	1772	92⅛	94⅛	+0⅛	0.73
Inchcape 8 95	2/81	4.55	†59⅛	91	0	26.79
Kawasaki 5⅛ 96	9/81	229	83⅛	84⅛	0	0.30
Marui 8 96	7/81	931	103½	105	0	1.01
Matsushita El. 7½ 95 ...	11/80	690	98⅛	99⅛	+0⅛	−1.48
Minolta Camera 5 96	10/81	909	78⅛	79⅛	0	6.39
Murata 5⅛ 96	7/81	2190	79⅛	80⅛	0	18.19
NKK 6½ 96	7/81	188	97⅛	99⅛	+0⅛	0.83
Nippon Chemi-C. 5 91...	10/81	912	78	80	0	3.06
Ricoh 6⅛ 95	8/80	604	110⅛	112⅛	0	4.47
Sanyo Electric 5 96...	10/81	652	82	83⅛	0	4.96
Sumitomo Met. 5⅛ 96...	10/81	305	84⅛	86⅛	0	0.32
Swiss Bk. Cpn. 6⅛ 90	2/80	191	*74⅛	76⅛	−1	−10.16
Taylor Woodrow 8⅛ 90	1/81	4.94	†78	79⅛	0	−2.97
Transco Int. 8⅛ 95	8/81	68	78⅛	80⅛	0	25.97
Tricora 8½ 85	2/81	31.26	†74½	76	−1	64.20
Union Bk. Switz. 5 89...	2/80	70.79	*133	95	+2	6.74
Mitsubishi H. 6 89 DM	2/82	263	*100⅛	101⅞	0	−2.01
Sharp Cpn. 6⅛ 88 DM	9/80	591.9	*174	176	+1⅛	−1.48

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	2,249.6	3,778.6
Previous week	2,927.6	†3,440.1
Other bonds		
Last week	651.8	383.5
Previous week	678.0	†313.4

† Three days' figures only.

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Royal Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on December 31

TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES, WATLING STREET, LONDON, EC4M 9AA NOT LATER THAN 10.00 A.M. ON THURSDAY, 7TH JANUARY 1982, OR AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON WEDNESDAY, 6TH JANUARY 1982. ENVELOPES CONTAINING TENDERS SHOULD BE MARKED "TREASURY TENDER".

ISSUE BY TENDER OF £500,000,000

3 per cent Treasury Stock, 1987

MINIMUM TENDER PRICE £64.50 PER CENT

PAYABLE IN FULL WITH TENDER

INTEREST PAYABLE HALF-YEARLY ON 14TH JANUARY AND 14TH JULY

This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for the above Stock.

The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom. The Stock will be repaid at par on 14th July 1987.

The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 14th January and 14th July. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first payment will be made on 14th July 1982 at the rate of £1.5453 per £100 of the Stock.

Tenders must be lodged at the Bank of England, New Issues, Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 7TH JANUARY 1982, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.30 P.M. ON WEDNESDAY, 6TH JANUARY 1982. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £64.50 per cent. Tenders must be made at the minimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

Tenders must be accompanied by payment in full, i.e. the price tendered (minimum of £64.50) for every £100 of the nominal amount of Stock tendered for. A separate cheque must accompany each tender; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. Envelopes containing tenders should be marked "Treasury Tender".

Tenders must be for a minimum of £100 Stock and for multiples of Stock as follows:—

Amount of Stock tendered for	*Multiple*
£100—£1,000	£100
£1,000—£3,000	£500
£3,000—£10,000	£1,000
£10,000—£50,000	£5,000
£50,000 or greater	£25,000

Her Majesty's Treasury reserve the right to reject any tender or to allot a less amount than that tendered for. If undersubscribed, the Stock will be allotted at the minimum price, the balance of Stock not tendered for being allotted at the minimum price to the Governor and Company of the Bank of England, Issue Department. If oversubscribed, all allotments will be made at the lowest price at which any tender is accepted (the allotment price), and tenders which are accepted and which are made at prices above the allotment price will be allotted in full.

Letters of allotment in respect of Stock allotted, being the only form in which the Stock may be transferred prior to registration, will be despatched by post at the risk of the tenderer, but the despatch of any letter of allotment, and the refund of any excess amount paid, may at the discretion of the Bank of England be withheld until the tenderer's cheque has been paid. In the event of such withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him, *subject in each case to payment of his cheque, but such notification* will confer no right on the tenderer to transfer the Stock so allocated.

No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, or of tenders at prices above the allotment price, the excess amount paid will, when refunded, be remitted by cheque despatched by post at the risk of the tenderer; if no allotment is made the amount paid with tender will be returned likewise. Non-payment on presentation of a cheque in respect of any Stock allotted will render the allotment of such Stock liable to cancellation. Interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1 per cent per annum may, however, be charged on the amount payable in respect of any allotment of Stock for which payment is accepted after the due date. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate.

Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or by any of the Branches of the Bank of England, on any date not later than 3rd February 1982. Such requests must be signed and must be accompanied by the letters of allotment. Letters of allotment accompanied by a completed registration form may be lodged for registration forthwith and in any case they must be lodged for registration not later than 5th February 1982.

Tender forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the Branches of the Bank of England; or at the Glasgow Agency of the Bank of England, 4th Floor, 14 St. Vincent Place, Glasgow, G1 2EU; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; at Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON
30th December 1981

THIS FORM MAY BE USED

TENDER FORM

This form must be lodged at the Bank of England, New Issues, Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 7TH JANUARY 1982, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England (4th Floor, 14 St. Vincent Place, Glasgow, G1 2EU) not later than 3.30 P.M. ON WEDNESDAY, 6TH JANUARY 1982. Envelopes containing tenders should be marked "Treasury Tender".

ISSUE BY TENDER OF £500,000,000

3 per cent Treasury Stock, 1987

MINIMUM TENDER PRICE £64.50 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We tender in accordance with the terms of the prospectus dated 30th December 1981 as follows:—

Amount of above-mentioned Stock tendered for, being a minimum of £100 and in a multiple as follows:—

Amount of Stock tendered for	*Multiple*
£100—£1,000	£100
£1,000—£3,000	£500
£3,000—£10,000	£1,000
£10,000—£50,000	£5,000
£50,000 or greater	£25,000

1. NOMINAL AMOUNT OF STOCK £

Sum enclosed, being the amount required for payment in full, i.e. the price tendered (minimum of £64.50) for every £100 of the *nominal* amount of Stock tendered for:—

2. AMOUNT OF PAYMENT (*a*) £

The price tendered per £100 Stock, being a multiple of 25p and not less than the minimum tender price of £64.50:—

3. TENDER PRICE (*b*) £ : p

I/We request that any letter of allotment in respect of Stock allotted to me/us be sent by post at my/our risk to me/us at the address shown below.

..................January 1982

SIGNATURE ....
of, or on behalf of, tenderer

PLEASE USE BLOCK LETTERS

MR/MRS MISS	FORENAME(S) IN FULL	SURNAME
FULL POSTAL ADDRESS:—		
POST-TOWN	COUNTY	POSTCODE

FT

STAMP OF LODGING AGENT (IF ANY)

a A separate cheque must accompany each tender. Cheques should be made payable to "Bank of England" and crossed "Treasury Stock". Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

b The price tendered must be a multiple of 25p and not less than the minimum tender price. If no price is stated, this tender will be deemed to have been made at the minimum tender price. Each tender must be for one amount and at one price.

A copy of this Prospectus, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for Admission to the Official List of the Ordinary Shares to be issued of Asset Special Situations Trust P.L.C. ("the Company") and of the Subscription Warrants ("the Warrants") of the Company when detached. This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion. All the Directors accept responsibility accordingly.

ASSET SPECIAL SITUATIONS TRUST P.L.C.

(Incorporated in England under the Companies Acts 1948 to 1980 Number 1605118)

Placing by Smith Keen Cutler of 10,000,000 Ordinary Shares of 10p each at 30p per Share payable in full upon acceptance

Directors
DAVID KENNETH ROWE-HAM, F.C.A. (Chairman)
52 Cornhill, London EC3V 3NR
JOHN MALCOLM WARDLE, LL.B.
Rutland House, 148 Edmund Street, Birmingham B3 2JR
JOHN MICHAEL GEOFFREY ANDREWS
1 Surrey Street, London WC2R 2PS
CHARLES FREDERICK WARDLE
The Lyons, Enville, Near Stourbridge, West Midlands

Secretary and Registered Office
RICHARD ANTHONY GROSSMAN
52 Cornhill, London EC3V 3NR

Auditors and Reporting Accountants
TOUCHE ROSS & CO., Chartered Accountants
Hill House, Little New Street, London EC4A 3TR

Brokers
SMITH KEEN CUTLER
52 Cornhill, London EC3V 3NR

Solicitors
EDGE & ELLISON, HATWELL PRITCHETT & CO.
Rutland House, 148 Edmund Street, Birmingham B3 2JR

Bankers
BARCLAYS BANK LIMITED
63 Colmore Row, Birmingham B3 2BY

Registrars and Transfer Office
BARCLAYS BANK LIMITED, Registration Department
Radbroke Hall, Knutsford, Cheshire WA16 9EU

Share Capital

Authorised		*Issued and to be issued fully paid*
£1,250,000	in 12,500,000 Ordinary Shares of 10p each	£1,000,000

Warrants

The persons in whose names the 10,000,000 Ordinary Shares now to be issued are first registered will receive Warrants conferring, in respect of every 10 Ordinary Shares so registered, the right to subscribe for 1 Ordinary Share of the Company. This right may be exercised on the 30th August in any of the years 1983 to 1990 inclusive at 30p per Ordinary Share. The position of holders of Warrants in the event of a liquidation of the Company is set out in the Particulars of the Warrants below.

Until 12th February 1982 dealings in the Ordinary Shares (with Warrants attached) will be in multiples of ten shares only. Thereafter Ordinary Shares and Warrants will be dealt in separately.

Warrants in respect of a fraction of a Share will not be issued. Consequently a shareholder's entitlement to Warrants on application for registration will be aggregated and any entitlement to a fraction of a Share will be disregarded, will be aggregated with other fractional entitlements and (if practical) sold for the benefit of the Company. No Warrants have been or are proposed to be allotted to the Directors, except to the extent that they propose to take up Ordinary Shares at the placing price.

Indebtedness

At the close of business on 30th December 1981 the Company had no loan capital outstanding or created but unissued and no outstanding mortgages, charges, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, or guarantees or other material contingent liabilities.

INTRODUCTION

Asset Special Situations Trust P.L.C. ("the Company") was incorporated on the 18th December 1981 by the Directors who are also the promoters of the Company, and has not yet commenced business. It is proposed to operate as a specialised investment company with a portfolio of investments principally in small to medium size companies which the Directors regard as special situations. Broadly speaking listed companies would be regarded by the Directors as being special situations if they were regarded as having above average prospects for recovery from the effects of the present recession or if they were considered to be at an early stage of their development and to have an exciting future. Investments would also be made in unlisted companies which are already trading and which require long term capital, and in companies quoted on the Unlisted Securities Market. Participation may be taken in new enterprises which appear to have above average prospects of growth.

The Directors intend to conduct the affairs of the Company so that it will qualify as an Investment Trust for taxation purposes and the application for listing is as an Investment Trust.

Under its existing Articles of Association the Company has a limited life; the possibility of a voluntary winding-up will be considered each year from 1983; and a winding-up Resolution will in any event be passed at an Extraordinary General Meeting which must be convened not later than the end of 1991.

It is proposed to develop the investments of the Company within four specific areas:—

(a) Investments in listed companies currently affected by the recession which are considered by reason of the quality of their management coupled with the fields in which they operate to have above average prospects for recovery, either through an improvement in the present economic situation or through the ability of the management irrespective of any improvement in the economic situation.

(b) Investments in listed companies which are at an early stage of their development and which are considered for similar reasons to have above average prospects for growth.

(c) Investments will be considered in suitable private companies seeking to broaden their capital base which will normally only be considered in the case of companies with a proven recent history and which are either involved in profitable and successful markets or in specified service industries. Investments may also be made in companies whose Shares are already dealt in on the Unlisted Securities Market of The Stock Exchange, or in companies which plan to have their stock dealt in on this Market in due course. It should be emphasised that the Directors see their role in this field of investment as primarily that of participators rather than originators.

(d) The Company may invest in the current vogue of management buy out situations, by way of participation in syndicates. Such investments may be in equity and preference or equity and loan capital.

INVESTMENT POLICY

It is the policy of the Directors that the Company should invest in companies which fall within the broad definition of special situations as outlined in the Introduction. General Market conditions may make it advisable from time to time for the Company to maintain a significant level of liquidity, and investments in unlisted securities or participation in syndicates to make such investments will only be made after the most careful research and investigation. The Company will also participate in underwriting in appropriate cases.

Notice will be given to the Registrar of Companies of the Company's intention to carry on business as an Investment Company pursuant to the provisions of Section 41 of the Companies Act 1980.

As mentioned below other than in the short term the general intention of all the investments will be to seek medium to long term capital growth. It is not proposed that any significant portion of the Company's funds will be invested overseas and such investments (if any) are likely to be in companies listed or quoted on a recognised Stock Exchange.

Although the Company may in particular circumstances be represented on the *Boards of some of the companies in which it invests,* it will not take controlling interests in their share capital or be directly involved in their management.

Although the Articles of Association of the Company do not limit the discretion of the Directors as regards investment policy, the Directors intend to ensure that, for the life of the Company, the purchase of new investments or the lending of money will not itself cause:—

(i) More than 10 per cent. by value of the assets of the Company before deducting borrowed money ("the Company assets") to be lent to or invested in the securities of any one company (other than those of a company which has been approved as an Investment Trust by the Inland Revenue or which would qualify for such approval but for the fact that it is not listed).

(ii) More than 25 per cent. by value of the Company assets to be invested in securities in the aggregate of:—

(a) securities not listed on any recognised Stock Exchange (for which purposes securities quoted on the NASDAQ system in the USA will be treated as listed securities);

(b) holdings in which the interest of the Company exceeds 20 per cent. of the equity share capital, including any capital having an element of equity, of any one listed company (other than a company which has been approved as an Investment Trust by the Inland Revenue or which would qualify for such approval but for the fact that it is not yet listed).

(iii) In the event of the Company forming or acquiring any subsidiary or subsidiaries (which is not at present contemplated) the restrictions set out in (i) above shall apply to loans to or investments in such subsidiary or subsidiaries.

DIVIDEND POLICY

The Company's income will ultimately be derived wholly or mainly from income from shares and securities and it will retain not more than 15 per cent. of its income derived from that source so as to ensure that the Company qualifies for Investment Trust status for tax purposes. In view of the investment policy outlined above to concentrate on recovery situations and companies in the early stages of their growth, the return on certain of the Company's investments may be small and capital growth will be the main investment objective. The Company is prohibited by its Memorandum of Association from making any distribution by way of dividend of surpluses arising on the realisation of investments.

DIRECTORS

D. K. Rowe-Ham (Chairman) (46) is the senior partner of Smith Keen Cutler, and a non-executive Director of W. Canning P.L.C. and Williams & James (Engineers) Limited.

J. M. Wardle (53) is the senior partner of Edge & Ellison, Hatwell Pritchett & Co. He is a non-executive Director of nine listed companies, of five of which he is Chairman. He is an advisory Local Director of Barclays Merchant Bank Limited.

J. M. G. Andrews (53) is a non-executive Director of Garrow Hepburn Group P.L.C., Royal Worcester Limited and other companies and was previously a Director of Hill Samuel, Samuel Montagu and chief executive of Brandt's.

C. F. Wardle (42) (no relation of J. M. Wardle) joined the Board of Benjamin Priest Group P.L.C., a listed engineering company based in the West Midlands in 1972. He was appointed Managing Director in 1974 and Chairman in January 1977. Prior to these appointments he was involved in corporate management and merchant banking in New York and London. He is a member of the council of the C.B.I.

MANAGEMENT

The Company will be managed by its Directors in accordance with the policy outlined above. The investments of the Company will be selected and managed under the overall supervision of the Directors who have a balanced and wide experience of investment and finance and commerce and industry.

No management contract exists or is intended to be entered into. At the present time the Company has no employees, but as the Company develops it is likely that a Financial Controller or Financial Director may be recruited.

Although Smith Keen Cutler are Brokers to the Company the Directors propose to use the services of other Brokers when appropriate and thus make the widest use of their connections in London and in the Midlands.

DURATION OF THE COMPANY

Under the Articles of Association the Directors are required to convene an Extraordinary General Meeting of the Company to be held at any time on or after 1st December 1991 and before 31st December 1991 and to procure that a Resolution is proposed thereat requiring the Company to be wound up voluntarily.

The Directors are also required to convene an Extraordinary General Meeting of the Company to be held within three months after each Annual General Meeting of the Company other than its first Annual General Meeting for the purpose of considering the passing of a Resolution to wind up the Company voluntarily unless at the said Annual General Meeting an Ordinary Resolution is passed releasing the Directors from such obligation.

Every shareholder present in person or by proxy at any such Extraordinary General Meeting shall be obliged to vote in favour of any such winding-up Resolution.

BANK FACILITIES

It is not envisaged that in the present era of high interest rates any material use of Bank facilities will be necessary or appropriate, as the Directors are satisfied that after the issue has taken place the Company will have sufficient working capital for its present requirements. However, circumstances may change and the Company has available to it on normal banking terms facilities from its bankers on overdraft and/or loan of £1,500,000.

RISK FACTORS

Investment in recovery situations and in young companies usually requires a longer term view and may well involve a greater degree of risk than investment in well established companies and accordingly potential investors should be aware of an element of risk associated with the Company's investment policy. It is considered that the proposed wide spread of investments should reduce the degree of risk sometimes associated with investments in small to medium size listed companies and in unlisted securities.

TAXATION

The Directors consider that the Company is unlikely to be a close Company immediately following completion of the placing.

The Directors intend to conduct the affairs of the Company in such a way that the Company satisfies the conditions for approval as an Investment Trust laid down in Section 359 of the Income and Corporation Taxes Act 1970 (as amended) and intend to apply to the Inland Revenue for such approval. If such approval is granted the Company will, as a result of the provisions of the Finance Act 1980, be exempt from corporation tax on its chargeable gains.

Any prospective shareholder who is uncertain about the significance for tax purposes of an approved Investment Trust should consult his own tax adviser.

The Directors have been advised that, on the basis of current legislation, the Capital Gains Tax position in relation to the Warrants is as follows:—

(a) The cost of subscribing Ordinary Shares (with Warrants attached) will be apportioned between Ordinary Shares and the Warrants.

(b) The Warrants will not constitute 'Wasting assets' for the purposes of the Capital Gains Tax Act 1979 and on the disposal of Warrants (which includes abandonment) the full cost of the Warrants will be allowable in computing any gain or loss; and

(c) A holder who exercises the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants but the cost thereof will be added to the amount paid on exercise of the rights in computing the cost for the purposes of Capital Gains Tax on the disposal of the Ordinary Shares acquired under such exercise.

ACCOUNTS

The first accounting period of the Company will be from the date of incorporation to 31st March 1983 inclusive. Thereafter Annual Accounts will be made up to the 31st March in each year.

ACCOUNTANTS REPORT

The following is the text of a report received by the Directors from Touche Ross & Co., Chartered Accountants, the auditors and reporting accountants of the Company.

Hill House,
Little New Street,
London EC4A 3TR.
31st December 1981

The Directors,
Asset Special Situations Trust P.L.C.,
52 Cornhill,
London EC3V 3NR.

Gentlemen,

We report that Asset Special Situations Trust P.L.C. was incorporated on 18th December 1981 and has not commenced business. Since that date no accounts have been made up and no dividends have been declared or paid.

Yours faithfully,
TOUCHE ROSS & CO.
Chartered Accountants

PARTICULARS OF THE WARRANTS TO SUBSCRIBE ORDINARY SHARES OF THE COMPANY

Warrants will be issued subject to and with the benefit of the following conditions:—

1. *Subscription Rights*

(a) A registered holder for the time being of a Warrant shall have rights ("subscription rights") to subscribe in cash, on a "subscription date", being 30th August in any of the years 1983 to 1990 inclusive (or, if later, the thirtieth day after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are despatched to shareholders), all or any of the number of Ordinary Shares of the Company specified in the Warrant at 30p per Ordinary Share ("the subscription price"), payable in full on subscription. The number and/or nominal value of shares to be subscribed and the subscription price will be subject to adjustment as provided in paragraph 2(a) below.

(b) In order to exercise the subscription rights in whole or in part the registered holder of a Warrant must lodge it at the office of the Registrars of the Company on or within 28 days prior to the relevant subscription date, having completed the notice of subscription thereon, accompanied by a remittance for the subscription price of the Ordinary Shares in respect of which the subscription rights are exercised. Once lodged, a notice of subscription shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable.

(c) Not earlier than six weeks or later than four weeks before each subscription date the Company shall give notice to the holders of the outstanding Warrants *reminding them of their subscription rights.*

(d) Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted not later than 14 days after and with effect from the relevant subscription date and certificates in respect of such Ordinary Shares will be issued not later than 28 days after the relevant subscription date to the persons in whose names the Warrants are registered at the date of such exercise or to such other persons as may be named in the form of nomination on the reverse of the Warrants. In the event of a partial exercise of the subscription rights comprised in a Warrant, the Company shall at the same time issue a fresh Warrant in the name of the registered holder for any balance of his subscription rights remaining exercisable.

(e) Ordinary Shares allotted pursuant to the *exercise of subscription rights* will not rank for any dividends or other distributions declared, made or paid in respect of any financial year of the Company prior to the financial year current at the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year and pari passu in all other respects with the Ordinary Shares in issue at that date.

(f) Application will be made to the Council of The Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List, and the Company will use all reasonable endeavours to obtain the grant thereof not later than 14 days after the relevant subscription date.

(g) Within seven days following the final subscription date, the Company shall appoint a trustee who, within 14 days following that date, shall exercise such subscription rights as have not been exercised and sell the shares acquired on such subscription and, provided that the net proceeds of such sale exceed the subscription price, distribute pro rata the net proceeds less such subscription price to the persons entitled thereto within two calendar months of the final subscription date, provided that entitlements of under £1 shall be retained for the benefit of the Company.

2. Adjustment of Subscription Rights

(a) After any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date or upon any sub-division or consolidation of the Ordinary Shares on or before such date, the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights will be increased or, as the case may be, reduced in due proportion and the subscription price will be adjusted accordingly. On any such capitalisation, sub-division or consolidation the auditors for the time being of the Company shall certify the appropriate adjustments and, within 28 days thereof, notice will be sent to each holder of a Warrant, together with a Warrant in respect of any *additional shares for which that holder is entitled to subscribe in consequence* of such adjustments, fractional entitlements being ignored.

(b) If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation (whether by rights issue or otherwise) to the holders of the Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(f) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then holders of the Warrants as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment pursuant to sub-paragraph 2(a) above) on which *the same could have been exercised on the last preceding subscription date.*

3. Other Provisions

So long as any subscription rights remain exercisable:—

(a) The Company shall not (i) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or (iii) on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such offer or invitation as is *referred to in paragraph 2(b) above (except by extending to holders of the* Warrants any such offer as may be made by a third party).

(b) The Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital, except for shares which carry as compared with the existing Ordinary Shares no greater rights as regards voting, dividend or capital.

(c) The Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount.

(d) The Company shall not (except with the sanction of an extraordinary resolution of the holders of the Warrants) reduce *its share capital* or (except as authorised by Section 56 (2) and 56 (5) of the Companies Act 1948) any share premium account or capital redemption reserve fund.

(e) The Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable.

(f) If at any time an offer is made to all ordinary shareholders of the Company (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice to the holders of the Warrants of such vesting within 14 days of its becoming so aware, and each such holder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date.

(g) If an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the holders of the Warrants) each holder of a Warrant *will (if in such winding up there shall be* a surplus available for distribution amongst the holders of the Ordinary Shares which, taking into account the amounts payable hereunder, exceeds in respect of each Ordinary Share a sum equal to the subscription price) be treated as if immediately before the date of such order or resolution his subscription rights had been exercisable and had been exercised in full, on the terms (subject to any adjustment pursuant to paragraph 2(a) above) on which the same could have been exercised on the last preceding subscription date, and shall accordingly be entitled to receive out of the assets available in the liquidation pari passu with the holders of the Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per share equal to the subscription price: subject to the foregoing all subscription rights shall lapse on liquidation of the Company.

(h) The Company shall not grant (or agree to grant) any option in respect of or create any rights of subscription for any Ordinary Shares of the Company the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription shall be subsisting at the date of such grant or creation, would exceed in the aggregate (leaving out of account the subscription rights conferred by the Warrants) 10 per cent of the nominal amount of the Ordinary Shares then in issue, nor (except with the sanction of an extraordinary resolution of the holders of the Warrants) will the Company grant (or agree to grant) any option in respect of, or create any rights of subscription for or issue any loan capital carrying rights of conversion into Ordinary Shares if the price at which any such option or right is exercisable is lower than the subscription price for the time being.

4. Modification of Rights

All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the holders of the Warrants. All the provisions of the Articles of Association for the time being of the Company as to general meetings shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company but so that (a) the necessary quorum shall be the holders (present in person or by proxy) entitled to acquire one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants (b) every holder of a Warrant present in person at any such meetings shall be entitled on a show of hands to one vote and every such holder present in person or by proxy shall be entitled on a poll to one vote for every Ordinary Share for which he is entitled to subscribe (c) any holder of a Warrant present in person or by proxy may demand or join in demanding a poll and (d) if at any adjourned meeting a quorum as above defined is not present, those holders of Warrants who are then present in person or by proxy shall be a quorum.

5. Transfer

Each Warrant will be registered and will be transferable in whole or in part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors of the Company. No transfer of a right to subscribe for a fraction of an Ordinary Share of the Company may be effected.

6. General

The Company will concurrently with the issue of the same to its ordinary shareholders send to each registered holder of a Warrant (or in the case of joint holders to the first-named) a copy of each published annual report and accounts of the Company, together with all documents required by law to be annexed thereto, and copies of every statement, notice or circular issued to ordinary shareholders.

For the purposes of these particulars, 'extraordinary resolution' means a resolution proposed at a meeting of the holders of the Warrants duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.

STATUTORY AND GENERAL INFORMATION

1. The Company and its Share Capital

The Company was incorporated in England and Wales as a public limited company under the Companies Acts 1948 to 1980 on 18th December 1981 Registered Number 1605118.

Two shares in the Company have been subscribed for cash at par and are at present beneficially owned by two of the Directors. These shares are included in the shares being made available under the Placing arrangements mentioned below (although it is likely that they will be retained by the Directors in whose name they are now registered as part of such Placing arrangements). On 31st December 1981 the Company adopted new Articles of Association.

2. Articles of Association

The Articles of Association of the Company contain, inter alia, provisions to the following effect:—

(i) The Directors shall establish a 'Capital Reserve Fund' and shall carry to such reserve any capital appreciation realised on the sale or realisation of any capital assets of the Company for a consideration in excess of book value and other sums representing accretions to capital assets. The Capital Reserve Fund shall not be treated as representing profits available for distribution.

(ii) The Directors are unconditionally authorised to allot and grant rights to subscribe for or to convert securities into a maximum of £1,250,000 in nominal amount of relevant securities (as defined in Section 14 of the Companies Act 1980) without the authority of the Company in general meeting. The authority will expire on 31st December 1986 (when it is renewable) but may be revoked or varied by the Company in general meeting before that date provided that the Directors may allot such relevant securities or grant such rights in pursuance of any offer or agreement made by the Company before the expiry of the authority. (The provisions of Section 17(1) of the Companies Act 1980 will not apply to any allotment made under the above authority).

(iii) In the event that any Member fails to comply with any notice given by the Company requiring disclosure under Section 27 of the Companies Act 1976 of the beneficial interests in any shares within 48 days of service of the said notice the Company may by resolution of the Board disenfranchise those shares as regards voting rights until the requirement is complied with.

(iv) Subject to the above and to any terms as to voting upon which any shares may be issued, or may for the time being be held, every Member (being an Ordinary Shareholder) present in person shall have one vote on a show of hands, and on a poll every Member (being an Ordinary Shareholder) shall have one vote for every share of which he is the holder.

(v) The shareholding qualification for Directors may be fixed by the Company in General Meeting, and unless and until so fixed no qualification shall be required.

(vi) A Director shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest or be counted in the quorum in relation to any resolution on which he is debarred from voting except in the limited circumstances specified in the Articles.

(vii) Section 185 of the Companies Act 1948 (relating to the retirement and re-appointment of Directors who have attained the age of 70) shall apply to the Company.

(viii) The Directors shall (in addition to any emoluments to which they may be entitled as mentioned below) be paid out of the funds of the Company such sum by way of director's fees as the Board may from time to time determine provided that the aggregate remuneration available to the Directors for acting as such shall not exceed £30,000 per annum or such greater sum as may be determined by the Company in General Meeting. Such remuneration will be divisible amongst the Directors as they determine or, failing determination, equally.

(ix) The Directors shall be entitled to be repaid all such reasonable travelling (including hotel and incidental) expenses as they may incur in or about the business of the Company.

(x) Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration as the Board may determine.

(xi) The emoluments of any Managing Director or Executive Director for his services as such shall be determined by the Board.

(xii) A Director may be a director or other officer of any company promoted by the Company or in which the Company may be interested and no such Director shall be accountable *for any benefits received as director or other* officer of such company. The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner as it thinks fit (including the exercise thereof in favour of any resolution appointing any of its members directors of such company, or voting or providing for the payment of remuneration to the directors of such company).

(xiii) Any Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(xiv) The Board may exercise all the powers of the Company to borrow money. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of moneys borrowed (as defined in the Articles) shall not, without the previous sanction of the Company in General Meeting, exceed a sum equal to one and a half times the amounts standing to the credit of the consolidated capital and revenue reserves (as defined in the Articles) or, until the first accounts of the Company are made up and audited, the sum of £1,500,000.

(xv) The Directors may pay pensions, or other retirement, superannuation, death or disability benefits, to any persons, including executive Directors, who are or were at any time in the employment of the Company and to the *wives, families or dependants of any such persons.*

3. Placing Arrangements

By an Agreement dated 31st December 1981 ("the Placing Agreement") Smith Keen Cutler have agreed, conditional on the Council of The Stock Exchange admitting the whole of the issued Ordinary share capital of the Company to the Official List on or before 6th January 1982 to procure subscribers for a total of 10,000,000 Ordinary Shares of 10p each of the Company at 30p per Share making an aggregate subscription of £3,000,000 for payment on 6th January 1982. The Placing Agreement provides for the Company to pay the Capital Duty on the shares being issued, the expenses of and incidental to the listing of the whole of the Company's issued Ordinary share capital (including the costs of printing, advertising and distributing this document, all accountancy and legal expenses and the fees and expenses of the Registrars) and a fee of £20,000 to Smith Keen Cutler. The total expenses payable by the Company including the fee to Smith Keen Cutler are estimated to amount to approximately £95,000 (including VAT where applicable).

4. Material Contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company since its incorporation and are or may be material:—

(a) *Dated 30th December 1981 being a letter from* Barclays Bank Limited to the Directors of the Company setting out the overdraft and/or loan facilities available to the Company if required.

(b) Dated 31st December 1981 being the Placing Agreement between the Company and Smith Keen Cutler referred to above.

5. Interests of Directors and Others

(a) Immediately after the placing by Smith Keen Cutler of 10,000,000 Ordinary Shares of 10p each ("the placing") the interests, all of which are beneficial, of the Directors and their families in the share capital of the Company as laid down in the Register maintained pursuant to the Companies Act 1967 would be as *follows:—*

Name of Director	Ordinary Shares of 10p each
D. K. Rowe-Ham	50,000
J. M. Wardle	5,000
J. M. G. Andrews	15,000
C. F. Wardle	5,000

(b) Immediately after the placing it is anticipated that the under-mentioned persons will have significant holdings of the issued Ordinary share capital of the Company:—

Name	Ordinary Shares of 10p each	Percentage
West Midlands County Council Superannuation Fund	850,000	8.5
Wesleyan & General Assurance Society	750,000	7.5
Nottinghamshire County Council Pension Fund	750,000	7.5
Iron Trades Employers Insurance Association Limited	700,000	7.0

(c) Mr D. K. Rowe-Ham is the senior partner of Smith Keen Cutler, the Brokers to the Company who will be receiving a fee as mentioned above in connection with the placing. Mr J. M. Wardle is the senior partner in Edge & Ellison, Hatwell Pritchett & Co., who will be receiving a fee in connection with the formation of the Company and the preparation of this document and the Placing Agreement.

(d) It is certain that Smith Keen Cutler and likely that Edge & Ellison, Hatwell Pritchett & Co., will in the future receive commission or fees in connection with further work undertaken on behalf of the Company.

(e) The Directors have decided that *the initial remuneration* payable to each Director should be £5,000 per annum, other than the Chairman who will receive £8,000 per annum. There are no Service Agreements existing between the Company and any of its Directors and no such contracts are proposed.

(f) No Director of the Company has any interest direct or indirect in any assets which have been since the date of incorporation acquired or disposed of by or leased to the Company or which are proposed to be so acquired disposed of or leased.

6. General

(a) Save as disclosed in Paragraphs 1 and 3 above no capital of the Company *has been issued* since the incorporation of the Company or is now proposed to be issued wholly or partly paid for cash or for a consideration other than cash, and no commissions, discounts, brokerage or other special terms have been granted by the Company in connection with the issue or sale of any of its share capital.

(b) No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option other than the 1,000,000 Ordinary Shares which may be issued pursuant to the Warrants.

(c) Apart from the issue of Ordinary Shares to be made under the terms of the Placing Agreement no material issue of Shares (other than to shareholders *pro rata* to their existing holdings) will be made within one year of the date of this document, and no issue which would effectively alter the control of the Company *will be made at any time* without the prior approval of the Company in General Meeting.

(d) The Company has not yet commenced business and has no subsidiaries.

(e) The Company is not engaged in any litigation and the Directors are not aware of any litigation or claim of material importance pending or threatened by or against the Company.

(f) The minimum amount which in the opinion of the Directors must be raised by the issue in order to provide for the matters referred to in Paragraph 4 of the Fourth Schedule to the Companies Act 1948 is £3,000,000 made up as follows:—

(i)	*Price of property*	Nil
(ii)	Preliminary expenses and expenses of issue	£95,000
(iii)	Repayment of money borrowed	Nil
(iv)	Working capital available for investment	£2,905,000

(g) The working capital available for investment, which as mentioned above will amount to approximately £2,905,000, will be invested initially in gilt edged stock and short term deposits awaiting investment in appropriate companies in accordance with the investment policy of the Company.

(h) For the purposes of the Companies Act 1948 the subscription list for the new Ordinary Shares included in the placing will open at 10 a.m. on the 6th January 1982 and will close at any time thereafter.

7. Consents and Documents

Touche Ross & Co. have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of their Report set out above in the form and context in which it is included.

There were attached to the copy of the Prospectus delivered to the Registrar of Companies for registration copies of the Report by Touche Ross & Co. and their written consent referred to above, and of the placing letter, the form of application and copies of the material contracts referred to above.

Copies of the following documents will be available for inspection at the offices of Smith Keen Cutler, 52 Cornhill, London EC3V 3NR and at the offices of Edge & Ellison, Hatwell Pritchett & Co., Rutland House, 148 Edmund Street, Birmingham B3 2JR during usual business hours on any weekday (Saturdays and public holidays excepted) for a period of fourteen days from the date of publication of this document.

(a) The Memorandum and Articles of Association of the Company.

(b) The material contracts referred to above.

(c) The Report of Touche Ross & Co. and their written consent referred to above.

Dated 31st December 1981

WORLD STOCK MARKETS

Companies and Markets

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

NORWAY

ITALY

SWEDEN

SWITZERLAND

GERMANY

AUSTRALIA

SOUTH AFRICA

BRAZIL

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

DENMARK

Indices

NEW YORK —DOW JONES

	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 24	Dec. 23	1981 High	1981 Low	Since Compil'tn High	Since Compil'tn Low
●Industr'ls	875.00	876.10	868.25	870.34	875.33	868.57	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.08	56.69	55.95	57.40	57.22	57.37	65.78 (15/1)	54.99 (1/10)	—	—
Transport.	380.30	378.44	379.51	378.44	380.56	380.58	447.38 (18/4)	335.48 (25/9)	447.38 (18/4/81)	12.23 (8/7/32)
Utilities	109.02	109.34	109.06	109.81	109.88	109.58	117.81 (6/1)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	40,780	42,960	35,300	28,320	23,940	42,910	—	—	—	—

●Day's high 880.36, low 868.91.

Ind. div. yield %	Dec. 25	Dec. 18	Dec. 11	Year ago (approx)
	6.35	6.34	6.26	5.65

STANDARD AND POORS

	Dec. 31	Dec. 30	Dec. 29	Dec. 28	Dec. 24	Dec. 23	1981 High	1981 Low	Since Compil'tn High	Since Compil'tn Low
Indust'ls	137.12	136.85	136.66	136.74	137.89	136.58	157.02 (6/1)	125.48 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	122.55	122.30	121.67	122.27	122.64	122.51	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.402 (1/6/32)

	Dec. 31	Dec. 23	Dec. 16	Year ago (approx)
Ind. div. yield %	6.35	5.88	5.93	4.36
Ind. P/E Ratio	8.24	8.24	8.18	9.37
Long Gov. Bond yield	13.71	13.60	13.04	11.75

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

Girobank drops energy bill fees

FOR THREE months from January 1, people will be able to pay their gas and electricity bills using Girobank's Transcash service at post offices without incurring the usual 30p fee.

Mr Harold Robson, Girobank's director of marketing and customer services, explains: "Our aim is to make more people aware of the ease and convenience of paying their household bills through Girobank at post offices.

"This offer will also, I hope, draw people's attention to the advantages of having a personal account and of making their local post offices their bank branch."

Subject to review, the 30p fee will be reintroduced from April 1.

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

BASE LENDING RATES

A.B.N. Bank	14½%	Robert Fraser	15 %
Allied Irish Bank	14½%	Grindlays Bank	†14½%
American Express Bk.	14½%	■ Guinness Mahon	14½%
Amro Bank	14½%	■ Hambros Bank	14½%
Henry Ansbacher	14½%	Heritable & Gen. Trust	14½%
Arbuthnot Latham	14½%	■ Hill Samuel	§14½%
Associates Cap. Corp.	15 %	C. Hoare & Co.	†14½%
Banco de Bilbao	14½%	Hongkong & Shanghai	14½%
BCCI	14½%	Knowsley & Co. Ltd.	15 %
Bank Hapoalim BM	14½%	Lloyds Bank	14½%
Bank of Cyprus	14½%	Mallinhall Limited	14½%
Bank Street Sec. Ltd.	16 %	Edward Manson & Co.	15½%
Bank of N.S.W.	14½%	Midland Bank	14½%
Banque Belge Ltd.	14½%	■ Samuel Montagu	14½%
Banque du Rhone et de la Tamise S.A.	15 %	■ Morgan Grenfell	14½%
Barclays Bank	14½%	National Westminster	14½%
■ Beneficial Trust Ltd.	15½%	Norwich General Trust	14½%
Bremar Holdings Ltd.	15½%	P. S. Refson & Co.	14½%
Bristol & West Invest.	16 %	Roxburghe Guarantee	15 %
Brit. Bank of Mid. East	14½%	E.-S. Schwab	14½%
■ Brown Shipley	15 %	Slavenburg's Bank	14½%
Canada Perm't Trust	15 %	Standard Chartered	‖14½%
Cavendish G'ty T'st Ltd.	15½%	Trade Dev. Bank	14½%
Cayzer Ltd.	15 %	Trustee Savings Bank	14½%
Cedar Holdings	15 %	TCB Ltd.	14½%
■ Charterhouse Japhet	15 %	United Bank of Kuwait	14½%
Choulartons	15 %	Whiteaway Laidlaw	15 %
Citibank Savings	¶15 %	Williams & Glyn's	14½%
Clydesdale Bank	14½%	Wintrust Secs. Ltd.	14½%
C. E. Coates	15 %	Yorkshire Bank	14½%
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	15 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¼%.
‡ Call deposits £1,000 and over 12½%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Confidence dips again

BUSINESS OPTIMISM about prospects for 1982 dipped last month, mainly reflecting gloom about the inflation and general economic outlook. However, there was slightly more confidence about prospects for the UK economy.

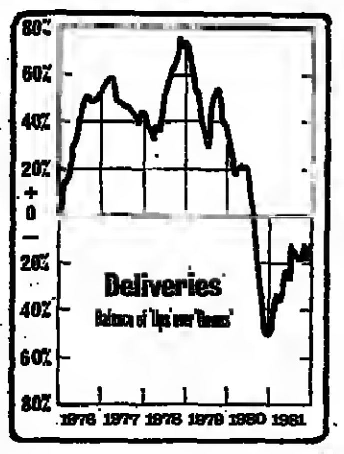
Of the three industry groups interviewed in the latest survey — engineering (noo-electrical), brewers and distillers and paper and allied industries — only the brewers were more optimistic.

The index of general optimism about the business situation declined slightly from the November level and is still a long way below the mid-year peak.

Some engineering companies detected an improvement in orders, parly because of the fall in the pound.

Although most brewers saw signs of hope, one complained of falling beer consumption as a result of declining real incomes.

Several respoodeots in the paper and connected group also reported increases in activity. Others complained aboot factory closures, lower retail sales and customers' reluctance to order.



ORDERS AND OUTPUT

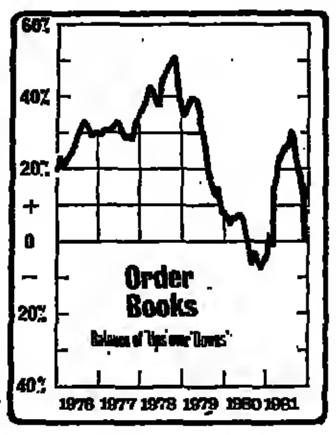
Demand still sluggish

For the second consecutive month there has been a fall in the number of new orders and there is virtually no improvement in the order book situation. Some new engineering products received good orders both at home and overseas and there are reports of increasing interest from export markets, although little of it is turning into confirmed orders. Demand from the aircraft industry is poor.

In brewing and distilling the order books reflect the drop in consumer demand which is blamed on the shortage of disposable income. In the paper sector hopes were pinned on increasing television advertising sales when Channel Four begins.

Only three companies expect turnover to increase by 5 per cent or more in the next year compared with ten who thought it would four months ago. All three sectors are now expecting smaller turnover gains next year and the index for the median has fallen yet again, indicating the persisteot gloom oo this froot.

In brewing and distilling hopes are geared to the summer bot the feeling that any major improvement will come from overseas sales seems likely to grow next year. Some companies said the index would have been in an even worse state if their forecasts had not excluded factory closures.



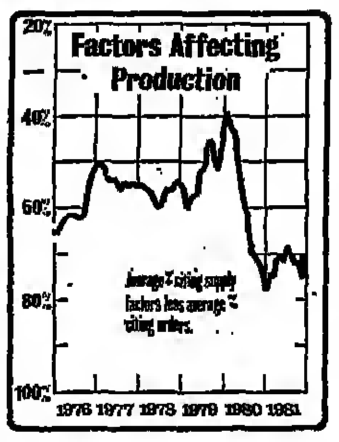
CAPACITY AND STOCKS

Inventories too high

The tendency towards destocking continues and there has been very little change since last month in work in progress. Expectations for changes in the different type of stocks over the next 12 months were mainly unchanged but the engineering sector alone was more inclined to say it expected stocks of manufactured goods to fall. One engineering firm had acquired two freight aircraft for subsequent resale and hoped they would have been disposed of before the end of the 12-month period. The brewing and distilling group throught its level of stocks of all types was probably too high in relation to current sales trends. The survey offers no indication yet of intentions in any sectors to re-stock.

Eogineering and hrewing and distilling were less inclined thao four months ago to say they were working at below planned output levels although paper is yet more depressed. But all sectors had more idle assets. In engineering these included two factories closed because production was transferred to another plant, under-used plant because of lack of orders, factories for sale, idle plaot in UK and Europe and plant left unmanoed through redundancy policies.

A distilling firm is no woperat- at 25 per ceot capacity with two units closed for 11 months a year. Paper and packaging productioo lioes are out of use aod some machinery is idle althoogh not yet 'mothballed."



CAPACITY WORKING

Are you working at your planned output level for this time of year?	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Above target capacity	1	3	3	3	0	0	0
On target	52	44	46	41	78	55	56
Below target capacity	47	52	48	53	22	45	44
No answer	0	1	3	3	0	0	0

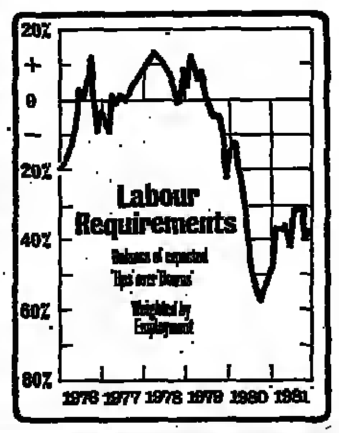
INVESTMENT AND LABOUR

Job cutbacks expected

There is little overall change in the job situation with nearly half the firms expecting to decrease their labour forces during the next 12 months and only 8 per cent expecting to increase their number of jobs. Engineering and paper are more inclined to report a predominance of demand effects on the employment situation compared with August but brewing and distilling tended to take the opposite view and quote supply effects.

Both paper and engineering said employment legislation tended to induce caution about taking on staff. One company said it always examined pension fund commitments carefully when considering the acquisitioo of another company. Although there is no sign of improved employmeot opportunities in the sector the decreases expected next year are mainly expected to be gradual rather than sudden.

Brewing and distilling expected capital expenditure to fall next year but paper thought it would rise. One engineering company is planniog a new factory in South Africa and a new U.S. facility hut there were few indications of major UK investment plans.



COSTS AND PROFIT MARGINS

Wage rises set to drop

The engineering sector remains particularly gloomy about profit with only 9 per cent expecting an improvement in the next 12 months and 70 per cent expecting further contraction.

After levelling off last month the median expected increase in wages fell again this month to a new low of 7.5 per cent. The range expected was never lower than 5 per cent but in only one case did it reach double figures, compared with five which expected 10 per cent or more when they were questioned last August.

Companies expecting more shrinkage in margins are remaining strongly determined to be tough on wage demands

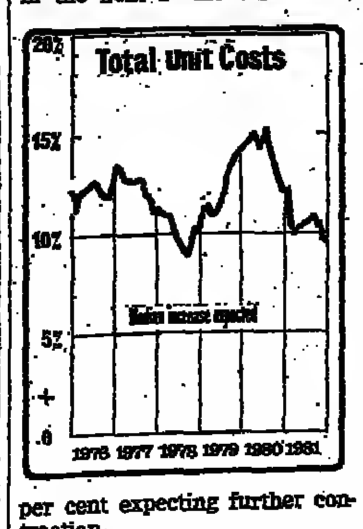
There is a growing trend away from industry-based settlements towards company-based settlements on the issue of demands for a shorter working week.

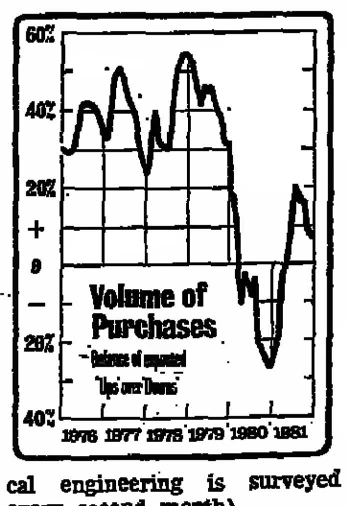
These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT Actuaries' Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four month moving totals covering some 120 companies in the 11 industrial sectors (mechanical engineering is surveyed every second month).

Complete tables can be purchased from Taylor Nelson and Associates.





GENERAL BUSINESS SITUATION

Are you more or less optimistic about your company's prospects than you were four months ago?	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
More optimistic	30	28	21	26	9	55	53
Neutral	48	54	58	50	26	36	2
Less optimistic	22	19	22	24	65	9	45

EXPORT PROSPECTS (Weighted by exports)

Over the next 12 months exports will be:	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Higher	63	62	66	59	70	57	34
Same	24	23	21	25	7	19	43
Lower	12	13	11	15	22	24	23
No answer	2	2	2	1	0	0	0

NEW ORDERS

The trend of new orders in the last four months was:	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Up	16	15	24	22	7	36	9
Same	38	41	41	34	23	27	44
Down	27	24	23	28	70	36	5
No answer	19	20	11	15	0	0	43

PRODUCTION/SALES TURNOVER

Those expecting production/sales turnover in the next 12 months:	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Rise over 20%	1	1	2	2	0	0	0
Rise 15-19%	2	2	1	1	0	0	0
Rise 10-14%	5	7	9	7	0	0	20
Rise 5-9%	20	22	26	26	0	0	7
Rise 2.5-4%	18	20	21	25	23	18	20
Remain the same	44	31	28	22	72	82	43
Fall 2.5-4%	8	8	7	6	4	0	9
Fall 5-9%	2	5	3	5	0	0	0
Fall 10-14%	0	0	0	0	0	0	0
Fall 15% or more	0	0	0	0	0	0	0
No answer	1	4	4	7	0	0	0

STOCKS

	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Raw materials and components over the next 12 months will:							
Increase	23	25	27	25	23	18	9
Remain the same	54	51	55	59	51	64	59
Decrease	20	21	14	14	26	18	30
No answer	3	3	4	3	0	0	2
Manufactured goods over the next 12 months will:							
Increase	14	17	26	28	1	18	7
Remain the same	50	50	41	41	3	45	62
Decrease	21	19	16	14	26	36	25
No answer	4	7	5	3	0	0	0
Not applicable	10	8	12	14	70	0	6

FACTORS CURRENTLY AFFECTING PRODUCTION

Are any of the following factors limiting your output at present?	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Home orders	92	94	91	90	72	100	98
Export orders	55	63	62	63	77	36	48
Executive staff	1	2	1	2	0	0	0
Skilled factory staff	4	3	3	3	23	0	0
Manual labour	0	0	0	1	0	0	0
Components	1	1	1	0	0	0	0
Raw materials	1	1	3	3	1	0	0
Production capacity (plant)	3	3	4	4	0	0	0
Finance	0	1	1	1	0	0	0
Labour disputes	2	1	3	3	0	0	20
Others	20	14	16	16	0	55	15
No factors	5	5	4	4	0	0	2

LABOUR REQUIREMENTS (Weighted by employment)

Those expecting their labour force over the next 12 months to:	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Increase	8	8	7	12	12	0	17
Stay about the same	47	44	44	45	81	79	41
Decrease	45	48	49	43	6	21	42

CAPITAL INVESTMENT (Weighted by capital expenditure)

Those expecting capital expenditure over the next 12 months to:	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Increase in volume	23	23	23	20	0	24	14
Increase in value but not in volume	12	12	13	14	0	48	6
Stay about the same	22	19	19	25	26	3	73
Decrease	40	43	41	35	52	25	7
No answer	3	3	4	6	22	0	0

COSTS

		4 monthly moving total				December 1981		
		Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Wages rise by:	0-4%	4	4	3	2	0	0	0
	5-9%	75	67	71	66	100	100	98
	10-14%	13	17	16	23	0	0	2
	Remain the same	2	2	2	2	0	0	0
	No answer	7	10	9	7	0	0	0
Unit costs rise by:	0-4%	3	3	7	6	0	0	0
	5-9%	39	33	28	29	75	18	54
	10-14%	36	30	35	37	23	82	44
	15-19%	4	7	9	5	0	0	0
	Remain the same	3	3	1	0	1	0	2
	Decrease	2	2	2	2	0	0	0
	No answer	14	23	18	21	0	0	0

PROFIT MARGINS

Those expecting profit margins over the next 12 months to:	4 monthly moving total				December 1981		
	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	June-Sept. %	Eng. (non-elect.) %	Brews. Distills. %	Paper Packaging Publishing %
Improve	49	48	44	45	9	18	39
Remain the same	43	39	35	31	22	82	59
Contract	8	7	11	14	70	0	2
No comment	1	6	10	10	0	0	0

CURRENCIES, MONEY and GOLD

In the eye of the storm

BY COLIN MILLHAM

CHRISTMAS THROUGH to the New Year is never the most active time in financial markets, and the three days of trading last week was no exception. The London money market sailed along quietly enough, but was acutely aware that it was drifting gently in the eye of the storm. After a period of large shortages of day-to-day credit, caused mainly by the delayed payments of taxes after the Civil Service dispute the market can now expect to be hit by further shortages due to the normal seasonal payment of tax. Last week conditions were comfortable, however, with the supply of money only slightly below the needs of the market on balance.

Intervention by the Bank of England had the effect of leaving surplus funds in the system, enabling one or two discount houses to pick up late balances at 1 per cent, if they were patient enough and were still keen on eating toffees after the Yuletide festivities.

There was even an end of year bonus in the form of easier U.S. interest rates, easing the pressure on London rates, and helping sterling to finish on a firm note despite a fall of around 50 cents over the course of the year.

This improvement took the immediate pressure off clearing bank base rates as three-month money fell comfortably below 16 per cent. There was little change in the critical seven-day rate however, since the authorities had managed to keep very short term rates down

The desire to control the upward pressure on interest rates at a time when the supply of market credit was tight has resulted in the Bank of England buying very large quantities of paper. According to estimates made by Gerrard and National, of the record £7bn bank bills in issue the Bank of England holds about £3¼bn. During the next month or so official purchases of eligible paper are likely to continue on a large scale, but the situation should be helped by the decision to increase the number of banks able to issue eligible bills. Gerrard and National suggests that over £3bn of the remaining £3¾bn in circulation are probably eligible for purchase by the authorities.

THE POUND SPOT AND FORWARD

Dec 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9040-1.9180	1.9090-1.9110	0.35-0.25c pm	1.88	0.80-0.70 pm	1.57
Canada	2.2600-2.2750	2.2550-2.2670	0.20-0.05c pm	0.66	0.30-0.10 pm	0.35
Nethlnd.	4.69-4.74	4.69-4.71	1⅞-1⅝c pm	4.15	5½-5 pm	4.47
Belgium	73.20-73.80	73.30-73.50	30-60c dis	−7.36	55-95 dis	−4.09
Denmark	13.90-14.05	13.93-13.95	3¾-2¼ore pm	2.80	5¼-3¾ pm	1.27
Ireland	1.2060-1.2130	1.2070-1.2090	0.24-0.34p dis	−2.68	0.75-0.96dis	−2.83
W. Ger.	4.28-4.32	4.28½-4.29½	1⅞-1⅝pf pm	4.54	5¼-4¾ pm	4.66
Portugal	124.00-125.25	124.25-124.75	25-190c dis	−10.35	75-410 dis	−7.79
Spain	183.50-185.50	183.60-184.00	10-40c dis	−1.63	55-105 dis	−1.74
Italy	2,288-2,302	2,291-2,293	12-16 lire dis	−7.33	45-60 dis	−8.29
Norway	11.04-11.14	11.06-11.08	2½-¾ore pm	1.69	5⅝-3⅝ pm	1.58
France	10.86-10.93	10.87-10.89	¼c pm-¾ dis	−0.27	3½-4½ dis	−1.47
Sweden	10.51-10.59	10.53-10.55	2¼-1¼ore pm	1.99	8-7 pm	2.85
Japan	416-423	419-420	3.45-3.05y pm	2.30	9.16-8.60 pm	2.46
Austria	30.00-30.20	30.02-30.12	14½-5½gro pm	4.79	43-33 pm	6.05
Switz.	3.42-3.45	3.43-3.44	2⅛-1⅜c pm	6.55	5⅛-4⅞ pm	5.97

Belgian rate is for convertible francs. Financial franc 81.00-81.10. Six-month forward dollar 0.85-0.75c pm. 12-month 1.05-0.85c pm.

THE DOLLAR SPOT AND FORWARD

Dec 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9040-1.9180	1.9090-1.9110	0.35-0.25c pm	1.88	0.80-0.70 pm	1.57
Ireland†	1.5700-1.5840	1.5765-1.5795	0.67-0.57c pm	4.71	1.75-1.65 pm	4.31
Canada	1.1852-1.1890	1.1865-1.1870	0.06-0.11c dis	−0.86	0.30-0.37dis	−1.13
Nethlnd.	2.4500-2.4790	2.4600-2.4575	0.60-0.50c pm	2.68	1.90-1.70 pm	2.92
Belgium	38.35-38.58	38.41-38.43	25-35c dis	−9.37	50-70 dis	−8.26
Denmark	7.3100-7.3325	7.3110-7.3210	par-0.40ore dis	−0.33	1.60-2.00dis	−0.98
W. Ger.	2.2420-2.2560	2.2465-2.2475	0.58-0.48pf pm	2.83	1.82-1.72 pm	3.15
Portugal	65.00-65.50	65.10-65.36	25-105c dis	−11.96	65-235 dis	−9.20
Spain	97.00-97.70	97.15-97.35	20-35c dis	−3.39	65-75 dis	−2.67
Italy	1,190-1,202	1,190-1,193	8½-10 lire dis	−9.31	28-30 dis	−9.73
Norway	5.8000-5.8125	5.8000-5.8100	0.50ore pm-par	0.62	0.50 pm-par.	0.17
France	5.6970-5.7200	5.6975-5.7025	0.80-1.00c dis	−1.89	4-4½ dis	−2.98
Sweden	5.5250-5.5450	5.5250-5.5350	0.35-0.15ore pm	0.54	2.20-2.00 pm	1.52
Japan	218.20-220.00	218.65-218.75	1.45-1.30y pm	7.51	5.90-3.75 pm	8.96
Austria	15.71-15.78	15.73-15.75	5.30-4.10gro pm	3.58	16½-13½ pm	3.81
Switz.	1.7900-1.8050	1.7995-1.8005	0.80-0.65c pm	4.83	2.16-1.95 pm	4.55

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	Dec. 31		Dec. 30	
Gold Bullion (fine ounce)				
Close	$399½-400½	(£209⅛-209⅝)	$327¾-328¼	(£209-209½)
Opening	$399½-400½	(£209⅛-209⅝)	$396-397	(£208¼-208¾)
Morning fixing	$400	(£208.746)	$397.26	(£208.804)
Afternoon fixing	—	—	$397.50	(£208.226)
Gold Coins				
Krugerrand	$412½-413½	(£215½-216)	$402½-410½	(£215-215½)
1/2 Krugerrand	$212¼-212¾	(£111-111¼)	$211-212	(£110¾-111¼)
1/4 Krugerrand	$108-109	(£56½-57)	$107-108	(£56½-57)
1/10 Krugerrand	$44-46	(£23-25½)	$44-45	(£23-25½)
Mapleleaf	$413½-414½	(£216-216½)	$410½-411½	(£216½-216)
New Sovereigns	$98¼-28¾	(£61¼-01¾)	$27¾-98¼	(£51¼-51¾)
King Sovereigns	$112-113	(£58½-52)	$113-114	(£59¼-59¾)
Victoria Sovs	$112-115	(£58½-59)	$113-114	(£59¼-59¾)
French 20s	$27-107	(£50¾-56)	$96-106	(£50½-55½)
50 pesos Mexico	$497-500	(£259¾-261¼)	$492-495	(£268½-260)
100 Cor. Austria	$390-395	(£205¾-206½)	$386-389	(£202¾-204¼)
$20 Eagles	$510-515	(£266½-269¼)	$509-514	(£267¼-270)

OTHER CURRENCIES

Dec. 31	£	$		£ Note Rates
Argentina Peso	20,008-20,208†	10,550-10,600†	Austria	30.00-30.30
Australia Dollar	1.6830-1.6950	0.8865-0.8870	Belgium	72.50-81.50
Brazil Cruzeiro	242.98-243.98	127.16-127.60	Denmark	13.94-14.06
Finland Markka	8.318-8.330	4.3550-4.3600	France	10.87-11.02
Greek Drachma	107.429-110.708	57.00-57.40	Germany	4.29-4.34
Hong Kong Dollar	10.778-10.798	5.65-5.66	Italy	2220-2360
Iran Rial	150.50*	79.00*	Japan	422-427
Kuwait Dinar (KD)	0.536-0.542	0.2814-0.2818	Netherlands	2.7050-2.7650
Luxembourg Fr.	73.30-75.60	38.41-38.43	Norway	11.06-11.18
Malaysia Dollar	4.2090-4.2790	2.2350-2.2450	Portugal	124-132
New Zealand Dlr.	2.3165-2.3185	1.2126-1.2135	Spain	185½-196½
Saudi Arab. Riyal	6.52-6.58	3.4200-3.4225	Sweden	10.55-10.65
Singapore Dollar	3.8920-3.9020	2.0370-2.0470	Switzerland	5.42½-3.40½
Sth. African Rand	1.8270-1.8300	0.9566-0.9586	United States	1.90-1.92
U.A.E. Dirham	7.00-7.06	3.6700-3.6750	Yugoslavia	90-95

† Now one rate. * Selling rate.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14½-14¾	13⅝-12⅞	9-11	10-10¼	4-4¼	10⅜-10½	14¾-15¼	17-20	16⅞-17⅝	5-5½
7 days' notice	14⅛-14¾	12¾-13	9-11	10¼-10½	4¾-5¼	10¹⁄₁₆-10⁷⁄₁₆	14¾-10¼	18¼-21¾	17-20	6¾-6
Month	15⅝-16½	13-13¼	15⅜-15¾	10⁷⁄₁₆-10⁹⁄₁₆	2¾-8⅞	10⅛-10⅜	15-10½	21½-28¾	20¾-24	6⅛-6¼
Three months	15⁷⁄₁₆-15⁹⁄₁₆	15½-13¾	15⅝-15¾	10¹³⁄₁₆-10¹⁵⁄₁₆	8⅛-2¼	10⅞-10⅝	16⅝-10⅞	23¼-24¼	20-22½	6¹¹⁄₁₆-6¹³⁄₁₆
Six months	15¾-15⅞	14½-14¾	18⅜-16¾	10⅞-11	2⅞-9⅜	10⁷⁄₁₆-10⁹⁄₁₆	17⅞-12⅝	23¾-24¾	20-21¼	6⅞-7
One Year	15¼-15⅛	14⅞-14⅜	16⅜-16¾	10⅞-11⅛	8¾-2⅜	10¼-10⅜	18⅝-18⅞	24-25	18-19⅝	7-7⅛

SDR linked deposits: one month 12¾-12⅝ per cent; three months 12¾-13⅛ per cent; six months 15⅛-13¾ per cent; one year 13⁹⁄₁₆-13¹¹⁄₁₆ per cent.

ECU linked deposits: one month 14⅝-14½ per cent; three months 14⁹⁄₁₆-14¹⁵⁄₁₆ per cent; six months 14¹³⁄₁₆-15³⁄₁₆ per cent; one year 14½-14⅞ per cent.

Asian $ (closing rates in Singapore): one month 13⁵⁄₁₆-13⁷⁄₁₆ per cent; three months 13¹³⁄₁₆-13¹⁵⁄₁₆ per cent; six months 14⅞-15 per cent; one year 14¹³⁄₁₆-14¹⁵⁄₁₆ per cent. Long-term Eurodollar two years 15-15¼ per cent; three years 15¼-15⅜ per cent; four years 15⅜-15½ per cent; five years 15⅜-15⅝ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 15.05-13.15 per cent; three months 13.35-13.45 per cent; six months 13.90-14.00 per cent; one year 14.05-14.15.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 31)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 3/4	offer 13 7/8	bid 14 13/16	offer 14 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Dec. 31 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¼-16	14½-14¾	—	—	14½-14⅞	13-14½	—	—	—
2 days notice	—	—	15	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14½-16	15-15½	—	—	15⅛-15⅜	14¼-14⅝	—	—	—
One month	15⅞-16¼	15⁵⁄₁₆-15½	15⅝	16⅛-10¼	16⅝	16⅝	14¼-14½	14⅛-14½	14⅝	15⅝
Two months	15⅝-15½	15½-15¾	—	16⅜-16	15½	15⅞	14½	14½-14⅝	14¾-14⅝	15⅝
Three months	15⁷⁄₁₆-15⅝	16½-15⁷⁄₁₆	15⅝	10¼-16⅞	15¾	10	14½	14⅞-14⅞	14⅝-14⅞	15⅝
Six months	16⁵⁄₁₆-15⅞	15⅝-15⅞	15⅝	15½-16¼	15¾	—	—	—	14⅛	15¼
Nine months	15⅞-15⅝	16⅛-15¾	—	16⅝-15⅜	15⅞	—	—	—	—	—
One year	10⅜-15¼	16⅛-16⅞	15⅝	15⅝-16⅝	15⅞	—	—	—	—	—
Two years	—	—	15⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15⅝ per cent; five years 15¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14½ per cent; four months trade bills 14⅝-14¹¹⁄₁₆ per cent.

Approximate selling rate for one month Treasury bills 14⁹⁄₁₆-14¾ per cent; two months 14⅞-14⁷⁄₁₆ per cent; three months 14¹¹⁄₁₆-14²³⁄₃₂ per cent. Approximate selling rate for one month bank bills 14½ per cent; two months 14⅝-14¹¹⁄₁₆ per cent; and three months 14¹¹⁄₁₆-14¾ per cent; one month trade bills 15¾ per cent; two months 15⅝ per cent; three months 15⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.7813 per cent.

CURRENCY RATES

Dec. 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.610042	0.566523
U.S. $	12	1.16326	1.08517
Canadian $	14.66	1.38034	1.28723
Austria Sch.	0¾	Unaval.	17.1152
Belgian F.	16	44.7002	41.7467
Danish Kr.	11	Unaval.	7.84077
D mark	7½	2.62450	2.44436
Guilder	9	2.87324	2.65302
French Fr.	9½	Unaval.	6.20177
Lira	19	Unaval.	1305.57
Yen	5½	255.855	238.304
Norwgn. Kr.	9	6.75870	6.29344
Spanish Pta.	8	Unaval.	105.533
Swedish Kr.	11	Unaval.	6.00373
Swiss Fr.	8	2.09538	1.95169
Greek Dr'ch.	20½	—	—

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
—	F.P.	4/12	850	776	✱Asprey	825	......	35.0	3.3	0.1	6.0
100	F.P.	—	97	90	Baillie GiffordJ'n Tst	97	......	—	—	—	—
135	F.P.	—	55	52	✱City Site	55	......	b0.5	1.2	2.2	54.8
225	F.P.	5/2	240	233	Comp.&Systs.Eng 20p	233	......	b3.15	3.8	1.9	15.1
82	F.P.	22/1	86	83	Cussins Prop.	84	......	b4.9	2.6	8.3	0.2
80	F.P.	13/1	84	81	✱Equipu.	83	......	bd3.1	2.1	0.3	12.8
—	F.P.	—	10	2	F&C Enter. Warrants	9	......	—	—	—	—
01	F.P.	22/1	63	62	✱Good Relations Grp	62	......	b2.5	2.0	3.8	12.3
150	F.P.	9/12	50	39	✱Gr'nw'hCable&Cm.	39	......	—	—	—	—
100	F.P.	22/1	109	100	✱Hardanger Prop.	100	—1	bd9.8	2.2	14.9	4.5
150	F.P.	4/1	165	157	✱Hayters	157	......	b10.5	1.3	9.6	7.5
US$5.90	F.P.	—	505	283	Newmarket 1981	283	......	—	—	—	—
‡‡	F.P.	—	2	4	✱Peek Hldgs.	8	+½	—	—	—	5.4
167	F.P.	18/12	70	02	✱Sheldon Jones	69	......	u3.5	2.4	7.2	7.8
115	F.P.	—	120	112	Speyhawk	120	......	bd7.0	2.5	8.5	5.4
—	F.P.	—	5	4	Viners 1p	4	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
97.48	£25	—	26½	23¼	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	24	......
##	F.P.	—	51	51	Gen. Mtrs 7⅞% Gtd. Uns. Ln. 87-92	51	......
100	F.P.	26/2	103	102	Essex Water 10% Red. Prf. 1986	102½	+½
‖	Nil	—	7pm	4pm	Haslemere Est 9pc.Conv Uns Ln. 2001/06	4pm	......
#100	F.P.	—	100½	99	Nat'wide Bdg.Society15⅞%Bds (24/11/82)	99¼	+¼
#100	F.P.	—	100	29¼	Do. 15½% Bds. 13/12/82	99½	......
69	F.P.	—	72	64	Pennine Comm. 12pc.Conv.Uns.Ln.1997	68	......
70	F.P.	—	75	54	Do. 15½ pc. Uns. 1986	75	+1
100	Nil	—	1¼pm	½pm	Telfos 12½ Cnv. 1991	1pm	......
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	115xd	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
7½	F.P.	31/12	29/1	8½	7½	Abwood Mach.	7½	......
142	F.P.	29/12	29/1	158	155	Brown (M)	158	......
2.5A$	Nil	—	—	92pm	60pm	C S R	72pm	......
162	F.P.	23/12	21/1	185	172	Great Portland Estates	180	+2
44	Nil	—	—	6pm	6pm	Lennons Grp.	6pm	......
7½	F.P.	18/12	15/1	9½	7¾	Raglan Prop.	9½	......
90	Nil	—	—	10pm	7pm	Rea Brothers	10pm	......
50	F.P.	17/12	21/1	54	50	Strong & Fisher	52	......
25	Nil	—	—	4pm	1pm	Telfos	1pm	—1
05 cts	Nil	10/12	28/1	117pm	108pm	T N T	116pm	+1
50	Nil	—	—	8pm	7pm	Wearwell	7pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

Traffic safety booklets

BOOKLETS to help the young and the elderly to cope with traffic have been produced by the County Road Safety Officers' Association of the County Surveyors' Society.

Jobs scheme

THE Young Workers Scheme, under which employers can apply for weekly allowances for young workers under 18 who are in their first year of full-time permanent employment, starts on Monday.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations | US$45.69 | +0.20 | 1.79

Leopold Joseph & Sons (Guernsey)

Save & Prosper International

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	62.0	66.7	-0.1	2.77
Capital	[illegible]	[illegible]	+0.3	4.02
(Accum. Units)	[illegible]	[illegible]	+0.3	[illegible]
General	[illegible]	64.8	+0.2	4.73
Gilt & Fixed Int.	[illegible]	[illegible]	+0.2	[illegible]
Income	[illegible]	[illegible]	[illegible]	[illegible]
Worldwide Bond	[illegible]	[illegible]	[illegible]	[illegible]
Inv. Tst. Fd.	[illegible]	[illegible]	+0.1	[illegible]
Equitas Prog.	[illegible]	[illegible]	+0.4	4.50

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.8	87.1	+0.2	13.94

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	[illegible]	[illegible]	+0.4	5.51
Brit. Inds. Fund	[illegible]	[illegible]	+0.4	[illegible]
Growth & Income	[illegible]	60.7	-0.1	4.12
Elect. & Ind. Dev.	[illegible]	[illegible]	+0.1	4.75
Allied Capital	[illegible]	[illegible]	+0.5	[illegible]
Hambro Fund	[illegible]	144.9	+0.6	[illegible]
Hambro Acc. Fund	[illegible]	212.5	+0.5	4.71

Income Funds

High Yield Fd.	66.1	70.7	+0.3	9.08
High Income	[illegible]	[illegible]	+0.4	7.20
Equity Income Fd.	47.9	51.3	+0.3	7.38
Govt. Secs.	22.5	23.1	+0.1	13.77

International Funds

International	36.3	38.9		2.37
Japan Fund	29.5	31.6	-0.1	0.55
Pacific Fund	73.4	78.5	-0.2	1.05
Secs. Of America	[illegible]	[illegible]		2.46

Specialist Funds

Smaller Co.'s Fd.	56.4	60.3	-0.1	3.90
2nd Smlr. Co's Fd.	72.0	77.0	+0.5	3.90
Recovery	27.9	[illegible]	+0.1	4.72
Met. Min. & C'dty.	[illegible]	[illegible]	-0.1	5.36

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (z)	27.7	30.1	-0.2	1.61
Australian (z)	23.5	25.6	-0.1	0.98
Far Eastern Tst. (z)	42.7	46.3	-0.1	1.22
High Income	33.3	35.3		12.12
Intl. Trust (z)	49.7	54.0		1.40
Basic Resources Tst.	48.4	52.5	-0.2	2.15
Incm. Growth Tst.	24.2	26.3		8.49
Pref. & Gilt Tst.	18.7	20.5	+0.1	15.70
Smaller Co's Trust	28.6	31.0	+0.2	3.51

Chesterton Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.9	17.1		3.78
International	63.7	68.0	-0.3	1.16
High Income	28.1	30.3		11.68

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	75.5	79.4		3.64

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.8	38.0	+0.6	12.28
North American	42.5	45.4	+0.3	2.60
Canadian Exempt*	67.0	70.5		2.99
Canadian Trust	56.1	59.4	-0.2	3.08
Mid Mount High Inc.	44.4	47.8		10.29
Recovery	53.1	58.0	+0.2	3.79
Gilt Trust	37.7	39.4	+0.1	14.60

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3. 031-226 4931

Cres. Amer. Fd.	42.7	46.1		0.54
Cres. Internat'l.	[illegible]	[illegible]	-0.4	[illegible]
Cres. High. Dist.	[illegible]	[illegible]	+0.1	[illegible]
Cres. Reserves	[illegible]	[illegible]	+0.5	[illegible]
Cres. Tokyo	[illegible]	[illegible]	-0.3	[illegible]

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.8	24.3		9.05

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 22	241.0	257.3		5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.0		7.92
Gt. Winchester O'seas	31.7	35.2		3.55

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	161.6	166.7		8.75
L&C Intl & Gen Fd.	135.0	139.2		1.59

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	93.5	101.3	+0.3	4.51
Equity Acc.	131.1	141.7	+0.4	4.51
Gilt	112.2	118.1	+0.7	8.13

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	129.5	137.6		0.42
Leo Accum.	153.3	162.6		0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	74.4
Do. (Accum.)	114.7
Energy Int.	46.1
Do. (Accum.)	46.8
Extra Income	59.9
Do. (Accum.)	[illegible]
Income	[illegible]
Do. (Accum.)	[illegible]
Int. Technology	79.5
Do. (Accum.)	80.9
N. American & Gen.	[illegible]
Do. (Accum.)	[illegible]
Pacific Basin	47.7
Do. (Accum.)	47.7
Small Cos. & Recy.	56.2
Do. (Accum.)	[illegible]
Worldwide Gwth.	97.4
Do. (Accum.)	117.4

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	272.1	286.4		4.17

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W1. 01-437 5962

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London Life Managed Funds Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1A	10	Aust. 5½pc '81-82	98¾	28.8	5.64	14.78
1J	1D	Do. 6pc 1981-83	85¼	30.10	7.05	15.18
1Ja	1J	N.Z. 7¼pc 1988-92	57¼	1.12	12.62	15.61
15J	15D	Do. 7½pc '83-86	75	16.11	9.99	15.37
1A	10	S. Rhod. 2½pc Non-Ass.	138	3'66	—	—
—		Do. 3½pc 80-85 Asstd.	58	10.8	6.14	20.40
—		Do. 4½pc 87-92 Asstd.	34	7.7	13.86	20.60
—		Zimbabwe Ann (£100pa)	333	—	—	25.78

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

July	Jan.	Do. 4pc Deb. £100	27⅞	19.11	4%	—	14.7
Ja. Ap. Jy. Oc.		Can. P. Ent.‡	826p	5.10	$1.12	—	6.0
J.Ap.Jy.O.		Gulf Can.‡	822p	20.11	44c	—	2.4
Ap.Jy.O.Ja.		Hawker Sid. Can.‡	545p	17.9	96c	—	7.8
F.MyAuN.		Hollinger $5	13⅝	26.7	s$2.20	—	7.1
Mr. Ja	Sp. Dc	Hudson's Bay ‡	925p	24.12	$1.20	—	5.7
Jan.	July	Hud. B. Oil G. $2½	22⅜	29.7	♦32c	—	0.6
Mr.Je.S.D.		Imperial Oil‡	11¼	26.8	$1.40	—	5.5
Jan.Ag.J.O.		Inco‡	743pxd	5.11	SUS20c	—	1.4
F.My.Au.N.		Int. Nat. Gas $1	644p	30.10	$1.10	—	7.5
Mr.Je.S.D.		Massey Ferg.‡	93p	20.12	—	—	—

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 50c	50	—	Q4c	—	4.9
—	ACM 20c	20	—	—	—	—
—	Argosy Gold NL 25c	6	—	—	—	—
—	Bond Corp.	156	—	Q10c	2.3	4.0
Nov. Apr.	Bougainville I Kina	71	7.3	‡Q25.4c	1.9	‡
—	CRA 50c	167	16.3	Q19c	1.7	6.9
—	Canada Northwest	11	—	—	—	—
—	Carr Boyd 20c	16	—	—	—	—

Tins

Copper

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
May	Burma Mines 10p	14½	30.3	0.75	0.9	7.4
—	Colby Res. Corp.	126	—	—	—	—
Aug. Feb.	Cons. Murch. 10c.	260xd	23.12	Q60c	♦	12.3
—	‡‡Explaura Gold	5½	—	—	—	—
—	††Hemerdon 10c.	65	—	—	—	—
—	Highwood Res.	80	—	—	—	—
—	Northgate C$1	250	977	—	—	—
Jan. July	R.T.Z.	443	23.11	16.0	2.3	5.2
—	Do 9¾%Cn.Ln.'95-2000	£98½	18.5	Q9½%	—	10.2
—	††SPD Minerals 10p	22	—	—	—	—
—	Sabina Inds. C$1	15	—	—	—	—
—	‡Southwest C. 10p	29	—	—	—	—
—	Tara Exptn. $1	500	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
♦ Figures or report awaited.
♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
‡‡ Dealt in under Rule 163(3).
\# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♦ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	48	......			
Bertrams	16	......	Conv. 9% '80/82	£94	+⅛
Bdg'wtr. Est. 50p	405	......	Nat. 9¾% 84/89	£65½	......
Craig & Rose £1	£13	......	Fin. 13% 97/02	£75¼	+⅛

OPTIONS

3-month Call Rates

Industrials					
Distillers	16	Plessey	26	Charterhall	6
Dunlop	6½	Racal Elect.	34	KCA	19
Eagle Star	25	R.H.M.	7	Premier	7
F.N.F.C.	4	Rank Org. Ord.	14	Shell	28
Gen. Accident	30	Reed Intnl.	23	Tricentrol	25
Gen. Electric	55	Sears	5	Ultramar	40
Glaxo	32	Tesco	5		
Grand Met.	15	Thorn EMI	30	Mines	
G.U.S. 'A'	36	Trust Houses	11	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	12	Turner & Newall	7½	Lonrho	7
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Monday January 4 1982

Egypt buys 20 Mirage jets

BY OUR CAIRO CORRESPONDENT

FRANCE has agreed to sell Egypt a first batch of 20 Mirage 2000 combat aircraft in an arms deal worth $1bn. The conclusion of the deal came after three days of talks in Cairo between M. Charles Hernu, the French Defence Minister, and Egyptian officials.

Announcing details, Lt Gen Abdel Halim Abu Ghazala, the Egyptian Defence Minister, said the French Government will provide financing in the form of a short-term loan at 9 per cent interest repayable in 12 six-monthly instalments, starting from date of delivery in 1983.

Unlike similar U.S. loans for arms, there will be no grace period.

The Mirage 2000 is the latest model from France's Marcel Dassault aviation equipment stable and only entered service with the French Air Force in the past year.

It is regarded as superior to the US F-16, of which Egypt has 40 on order and is said to be both simpler to fly and less complicated to maintain.

Since the 1973 Mid-East war Egypt has shopped around to rebuild its armed forces and replace its ageing Soviet equipment. France is now Egypt's second largest trading partner and its greatest supplier of military aircraft—Egypt already has 60 Mirage 5s as well as Gazelle helicopters and Crotale anti-aircraft missiles. It has 30 Alpha jet trainers on order.

The Egyptian Press had been predicting a bigger arms deal of 40 to 60 Mirage 2000s along with additions to its existing range of aircraft, but the high cost of the Mirages—at $50m each with their arms—are said to have prevented a bigger sale.

Costs will be partly offset by a joint manufacturing agreement of up to 6m hours at the factories of the under-used Arab Organisation for Industrialisation (AOI).

The French will thus obtain a manufacturing base in the region which will pay dividends should reconciliation between Egypt and the Arab States lead to funds being reinvested by Saudia Arabia and the Gulf States.

As part of the military co-operation agreement, France has also agreed to train a number of officers, pilots and mechanics in France.

Terry Dodsworth in Paris adds: The arms deal with Egypt shows that France's Socialist administration is continuing to strengthen the trade and military links with Egypt developed by the previous Government in the late 1970s.

Following this big drive by French exporters, which led to two major contracts for telecommunications equipment and a new Cairo Metro line, sales in Egypt rose to FFr 5.5bn ($965m) in 1980. This was an increase of almost 50 per cent on the previous year's exports, and accounted for one of the biggest country trade surpluses (FFr 5bn) registered by France.

French companies' success in Egypt has gone some way towards compensating for the heavy deficit France runs with other Arab countries. In both Saudi Arabia and Iraq (in the pre-Iranian war period), French exports made only a limited dent in the deficit caused by big oil imports.

In Egypt, however, France has bought its exports dearly through granting cheap finance. Two low-interest credits were made in 1980 to finance the Metro contract and some of the telecommunications deal.

Each of these credits, financed partly by the French Treasury and partly by Coface, the official export credits organisation, are said to have carried interest rates ranging between only about 3 per cent and 8.5 per cent.

Further credit lines, worth a total of FFr 1.4bn, were also issued at "favourable" rates by the Treasury and Coface late in 1980 and in April last year.

The Metro contract, of which FFr 850m is covered by French credits, is reckoned to be worth about FFr 1bn in total for the construction of a 4.6 km line. Egypt has already spent another FFr 420m on 51 electric trains.

France's part in the telecommunications deal, shared with Siemens of West Germany, has so far led to two contracts for Thomson-CSF. These are for the renewal of three regional telecommunications networks, as well as the system in Alexandria, for a total of about FFr 1.4bn.

Early last year, France and Egypt also signed a nuclear co-operation protocol which is expected to lead to an Egyptian order for two nuclear power stations.

Iraqi oil exports hit by blast

BY IHSAN HIJAZI IN BEIRUT

IRAQ'S EFFORTS to increase its oil exports suffered a serious setback yesterday when unidentified saboteurs blew up a pipeline carrying crude to Tripoli, the port in northern Lebanon.

The explosion caused a huge fire which was still raging several hours later. Lebanese officials said all pumping had been halted. Later last night state radio reported the fire was out and that experts were assessing damage.

With heavy fighting continuing in the war with Iran, Iraq urgently needed the extra capacity provided by the Tripoli pipeline to finance its war effort and to maintain its ambitious economic development programme.

Iraq's oil exports have slumped from nearly 3.5m barrels a day before the war started 15 months ago to as little as 600,000 b/d. All its current exports have to be channelled through the pipelines to Turkey and Banias in Syria. These have a combined capacity of close to 1m b/d.

The Tripoli pipeline is a branch of the main pipeline through Syria. It was opened only 10 days ago after a five-year closure and was expected to carry about 200,000 b/d. Iraqi officials believed this could be increased to nearer 400,000 b/d.

The pipeline was blown up at Tal Abbas in Lebanon's northern district of Akkar, about three miles south of the Syrian border.

A Lebanese-registered tanker came under rocket bombardment at the Tripoli terminal on Saturday. The attack started a fire in a section of the ship. The tanker has been sent to Greece for repairs.

Iran has meanwhile claimed further success in the war. It says its troops have crossed into Iraqi territory for the first time. Tehran radio said 700 Iraqis were killed or wounded in a battle in the northern Diyala region. Another 114 Iraqis were said to have been taken prisoner.

Iraq confirmed there had been heavy fighting in the north but said it had killed more than 900 Iranians near the town of Nowsud. The Iranians say they have penetrated three miles into Iraq in the Nowsud area.

In south Lebanon a Ghanaian solder serving with the United Nations peace-keeping force was killed yesterday and another wounded when their post came under attack in the central sector. About 70 UN troops have died since the 6,000-strong force was deployed in the spring of 1978.

The central sector has seen regular clashes between the UN troops, the Christian militia forces of Major Saad Haddad, who is backed by Israel, and Palestinian guerrillas.

The UN force did not say who was responsible for firing on the Ghanaian soldiers but the incident will raise further doubts about how much longer the ceasefire in the south can endure.

Israel's sudden annexation of Syria's Golan Heights last month led to a further military build up in the region. Last Friday el-Fatah, the main guerrilla organisation, celebrated its 17th anniversary with a big military parade at which Soviet-made T-34 tanks were displayed for the first time.

Continued from Page 1

Rail

be less severe but a separate unofficial strike by drivers at Edinburgh beginning at midnight tonight would greatly reduce services on the East coast line between London and Scotland.

Cancellations are likely to increase during the week as drivers refuse to complete journeys involving overtime. Problems are likely to arise from trains being abandoned at the wrong stations.

Mr Sid Weighell, the National Union of Railwaymen's general secretary, said he had written to the Associated Society of Locomotive Engineers and Firemen — the main train drivers' union—before Christmas asking for early talks on British Rail's productivity formula which is at the heart of the dispute.

Mr Ray Buckton, Aslef general secretary, replied that he would put the request to his executive, but did not agree to bring forward a meeting of the Federation of Rail Unions scheduled for January 26.

Mr Weighell, whose union has accepted BR's productivity plan, said any further attempts to end the strike would have to come from Mr Buckton.

"The object of the federation is to get policies of rail unions in line with one another. Clearly that is not working on this occasion, otherwise we would have sat down and talked it through before any strike action."

The dispute is about the terms of an agreement reached at the Advisory Conciliation and Arbitration Service in August. BR is refusing to pay drivers a 3 per cent second stage of a pay award or introduce a promised 39-hour working week until Aslef agrees to daily shifts of variable length.

New help for small businesses

BY ROBIN PAULEY

NEW INITIATIVES to help small businesses, including a scheme to utilise the tax incentives in the last Budget to encourage private investment, are announced today by the London Enterprise Agency

The new services include

- an innovation unit to assist inventors and small businesses with new products;
- a purchasing initiative by a group of large companies;
- increased training programme by LentA for business start-ups.

The innovation unit will be run by a manager seconded from BP and will include an adviser seconded from a bank. It will try to help people with new ideas by using the research and development facilities of large companies and will also be able to call on the Design Council and a leading firm of patent agents.

The development is an advance on LentA's existing counselling service for innovators and will include an attempt to involve professional institutions and higher education bodies in locating potential innovators.

The new purchasing initiative has developed out of a series of seminars run by LentA at which purchasing managers from large companies have been briefing small companies about their buying requirements. The new initiative will include an import substitution drive in conjunction with the Confederation of British Industry and the Institute of Purchasing Supply.

The start-up training programme is run jointly with the Greater London Council. During 1982 it will be expanded to include evening "clinics" as well as one day conferences and an intensive four-weekend course. The course intended to help groups of potential entrepreneurs finalise their business plans and present them to a bank manager. On the last course, in December, representatives from four London clearing banks offered a total of £380,000 to the 25 participants.

LentA was formed in 1979 in conjunction with the London Chamber of Commerce and Industry. It has helped to set up more than 200 new businesses and has advised more than 600 companies. The founder members were Shell, Barclays Bank, BOC, BP, GEC, IBM, Industrial and Commercial Finance Corporation, Marks and Spencer and Midland Bank.

The agency already runs a service to link small firms with potential investors or partners and it is now planned to expand this to try to appeal to "arms-length" investors who wish to use the £10,000 tax allowance annouoced by the Chancellor in the 1981 budget for private investment in small businesses.

The possibility of syndicates to group potential investors into clubs which could invest in four or five small businesses, hedging the risk involved, is also being examined.

Alliance dispute

Continued from Page 1

schoolgirl" and Mr Alan Beith, the Liberal chief whip, accused him of breaking the agreement by sidestepping the alliance's fomral disputes procedure.

"When things can't be resolved locally, then they can be referred to the national negotiating machinery," he said. "But that's not been done in this case. That's what should have been done, instead of dealing in public statements and suspension of negotiations."

Mr Steel refused to be drawn on the issue, other than to suggest that Mr Rodgers "seems to have had too many mince pies for Christmas" and to remark that the Liberals were democratic, unlike the authoritarian Social Democrats.

In his New Year's message two days earlier, he criticised the SDP's "excessive demands" and castigated both sides for their "arrogance and bluster."

The parties will be under pressure to resolve their differences quickly following the death of Sir Thomas Galbraith, 64, who died from a brain tumour on Saturday. Sir Thomas, who was knighted in last week's honours list after 34 years as a Tory MP, held his seat with a majority of barely 2,000 at national level.

Labour came a strong second and the Liberals a poor third, and the seat is considered a near certainty for SDP. Mr Jenkins is believed to be keen to contest the seat, which he would have a good chance of holding in a general election.

Should he wish to stand, the local Liberals are expected to support him, providing the present difficulties are solved at national level.

Optimism on upturn prospects dampened

BY DAVID MARSH

THE BRITISH economy has yet to climb out of recession, according to signs in the FT Survey of Business Opinion, published today.

Companies questioned last month—from the engineering, brewing and paper industries—reported sluggish end-year demand. They were generally more gloomy about business prospects for 1982, with the index of optimism about the outlook falling back slightly after the short-lived rise in the previous month.

But on the positive side, companies were more confident about export prospects, continuing the improvement seen since the pound's fall this summer.

Relief from inflationary pressures appears to be continuing as a result of weak industrial demand and slack labour markets. Respondents generally expected wages to rise by only around 7.5 per cent over the next 12 months, down from 8 per cent in the previous survey. The overall expected level of price rises also fell back slightly towards 8.5 per cent.

Because of productivity increases, the outlook for profit margins remains relatively good, although the engineering sector was more pessimistic about profits than when last surveyed.

A particular setback to Government and industry hopes of a New Year upturn is the unfavourable outlook for stocks. Most companies still say their inventory levels are too high in relation to current sales trends.

This suggests that significant re-stocking — on which the Treasury is planning much of its hopes for economic recovery—is unlikely and even that some further rundown of inventories may take place.

In spite of greater optimism about exports, companies were gloomy about the general outlook for orders and turnover during 1982. The number of companies expecting increases in order books during the year is balanced by those forecasting declines.

Underlining the extremely tenuous nature of the economic upturn, last month saw another increase in the number of companies reporting assets standing unused.

The jobs outlook remains very bad. Although there was a small improvement in the index measuring labour requirements last month, the overwhelming majority of respondents still expect to trim staff levels, during 1982.

Business opinion survey, Page 21

Strike vote sought by miners' leaders

By Christian Tyler, Labour Editor

LEADERS OF the National Union of Mineworkers today call on their 250,000 members to vote for a national strike over pay "if necessary" this winter.

A special issue of the union's newspaper, The Miner, will be distributed in the coalfields urging the pitmen to support their national executive committee's uncompromising line in a secret ballot to be held in 10 days' time.

The NUM leaders are looking for a convincing mandate—although a 55 per cent majority is constitutionally sufficient—in the expectation that the threat of a strike will be enough to force more money out of the National Coal Board or the Government.

The union's executive has rejected, on a 19 to 5 vote, a £102m offer which would increase basic wage rates by about 8½ per cent and be worth between 9 and 10.5 per cent with the inclusion of a service bonus. The miners' claim is for the equivalent of a 24 per cent rise.

Under a banner headline "Why your vote must be Yes," the NUM bulletin argues that the Chancellor's recent economic package has destroyed the value of the board's offer.

Mr Lawrence Daly, NUM general secretary, says Sir Geoffrey Howe's measures have hardened the miners' mood. "It has sharpened the need to achieve the wage claim; and the vital next step will come through the membership expressing their support and solidarity through the pithead ballot. It will immensely strengthen our case in the fight to maintain the living standards of our members and their families."

Mr Daly says the lowest-paid surface worker needs more than £100 a week basic (the NUM claim is for £100) to restore the position won after the 1972 national strike to match past and projected inflation. The top-rated surface worker would need £150 a week basic.

The Chancellor's package had raised national insurance contributions by more than £1 a week for most miners, council house rents were going up by £2.50 a week and the cut in the rate support grant to local authorities meant an average increase in householders' rate bills of £45.

The union's strategy has been endorsed by a specially convened delegate conference where only three hands; those of the Leicestershire area representatives, were raised in opposition.

The board's offer would raise minimum rates to £87.80 a week for surface workers and £121.55 at the coalface. With bonus pay, it is said average earnings would range from £129 to £158 a week.

Weather

UK TODAY

TROUGHS of low pressure over northern districts will move slowly south.

London, S. England, Channel Islands, S. Wales
Showers, some bright intervals. Max. 11C (52F).

N. Wales, N.W. England
Outbreaks of rain turning wintry with icy winds. Max. 6C (43F).

N.E. England, Edinburgh, Glasgow, Dundee, Argyll, N. Ireland
Sleet or snow at times. Winds strong to gale. Max. 3C (37F).

Aberdeen, Moray Firth, N. Scotland, Orkney, Shetland
Bright intervals, scattered snow showers. Winds strong. Max. 1C (34F).

Outlook: Colder, windy, with widespread frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	L. Ang.†		—	—
Algiers	S	19	66	Luxmbg.	C	7	45
Amsdm.	C	11	54	Luxor		—	—
Athens	S	14	57	Madrid	C	4	39
Bahrain		—	—	Majorca	F	17	63
Barcina.	F	15	59	Malaga	F	15	59
Beirut	S	19	66	Malta	S	17	63
Belfast	C	11	52	M'chstr	C	9	48
Belgrd.	S	8	46	Melbne.		—	—
Berlin	C	9	48	Mx. C.†		—	—
Biarritz	C	17	63	Miami†		—	—
Bmghm.	R	9	48	Milan	F	4	39
Blackpl.	R	10	50	Montrl.†		—	—
Bordx.	S	11	52	Mscw.	C	−19	−2
Boulgn.	F	10	50	Munich	F	9	48
Bristol	C	11	52	Nairobi	S	25	77
Brussels	F	11	52	Naples	S	14	57
Budpst.	C	4	39	Nassau		—	—
Cairo	S	19	66	Nwcstl.	C	10	50
Cardiff	R	9	48	N York†		—	—
Cas'b'ca	S	19	66	Nice	C	14	57
Cape T.	F	22	72	Nicosia		—	—
Chicg.†		—	—	Oporto	R	14	57
Cologne	C	11	52	Oslo	Sn	−9	16
Cpnhgn.	R	2	36	Paris	F	10	50
Corfu	S	18	61	Perth	S	26	79
Denver†		—	—	Prague	C	6	43
Dublin	R	11	52	Rykjvk.	S	−8	18
Dbrvnk.	S	12	54	Rhodes	S	16	61
Ednbgh.	R	4	39	Rio J'o†		—	—
Faro	F	18	64	Rome	S	15	59
Florence	S	8	46	Salzbrg.	F	6	43
Frankft.	C	9	48	S'cisco†		—	—
Funchal	C	20	68	S. Mrtz.		—	—
Geneva	F	5	41	Singapr.		—	—
Gibrltr.	C	15	59	S'tiago†		—	—
Gl'sg'w	R	4	39	Stckhm.	Sn	0	32
G'rnsey	C	9	48	Strasbg.	F	11	52
Hlsnki	Sn	−17	1	Sydney		—	—
H. Kong	C	20	68	Tangier	F	19	64
Innsbrk.	F	2	36	Tel Aviv	S	19	66
Invrnss.	Sn	0	32	Tenerife	S	23	73
I.o.Man	C	9	48	Tokyo	S	9	48
Istanbul	R	6	43	T'r'nto†		—	—
Jersey	C	8	46	Tunis	S	15	59
Jo'burg	C	20	68	Valencia	F	14	57
L. Plms.	S	21	70	Venice	F	6	43
Lisbon	C	16	61	Vienna	C	4	39
Locarno	S	1	34	Warsaw	C	2	36
London	F	10	50	Zurich	F	7	45

THE LEX COLUMN

Frankfurt waits for foreigners

The West German equity market has disappointed investors for the third successive year. After a strong rally early in 1981, share prices peaked in mid-year and were trading last week close to the level of 12 months ago. Looking into 1982, the prospects for a rapid recovery are dim.

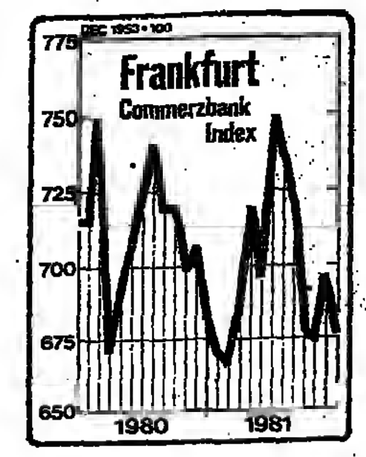
The sluggish performance has been remarkably uniform. A few major companies, including Preussag, have significantly outperformed the market, but such instances are rare. The Frankfurt stock market is constituted very largely of mature, cyclical companies and the firm control exercised by the banks ensures that unwelcome takeovers are nipped in the bud.

According to no less an authority than the Deutsche Bundesbank, the squeeze on corporate profits over the past two years has been the most severe of the post-war period. Profits fell by around 10 per cent in 1980 and, over the past two years, the decline in real terms is about a quarter.

The corporate sector has had to contend with a very weak level of domestic demand and a steep rise in costs, offset only partially by the currency-induced increase in export orders. In real terms, domestic orders to the German capital goods industry showed a fall of 7 per cent in the first 10 months of last year. A 10.5 per cent rise in foreign orders confined the overall fall to 0.4 per cent—close to the decline in GDP itself.

The effect of lower capacity utilisation has been compounded by the mounting cost of raw materials and a poor productivity performance. Oil prices rose by a third in D-Mark terms between January and October of last year while wage costs per unit were growing at about 6 per cent, close to the rate of inflation. Moreover, the historically high level of interest rates and the growing dependence of the corporate sector on bank finance have substantially reduced interest cover and weakened balance sheets which, by UK standards, already looked stretched.

Shareholders' funds currently represent about 20 per cent of total liabilities in the average West German balance sheet. A decade ago they accounted for 30 per cent. The growing dependence on external finance has coincided with an acutely difficult period for the banks. In 1980, Commerzbank was obliged to omit its dividend because of mismatching on its loan book. More recently, the banks have had to consider whether to



write off their substantial Polish loans.

The prospect that any recovery in share prices will trigger a spate of new equity offerings is already a worry to the market particularly as foreign investors, who were heavy takers of new stock earlier last year, are fighting shy of German equities. Between August and October, German companies raised only DM 700m in new equity — compared with DM 2.6bn in the same period of 1980 — and almost the whole amount was taken up by foreigners.

Foreign buyers

Early last year, equity values were supported by a series of foreign incursions. OPEC states, followed in rapid succession by UK institutions, U.S. pension funds and French investors with election jitters were strong net buyers. According to analysts in Frankfurt, only OPEC has stayed in.

The crystal ballgazers of Bonn and Frankfurt have reached a virtual consensus that the current year will show some slight real growth in GDP. Four of the five leading economic institutes are expecting growth of 1 per cent. On top of that, West German trade unions are apparently preparing to accept wage rises in the area of 5 per cent, around 1½ percentage points below the current level of inflation.

The Bundesbank has already indicated that it is prepared to see short-term interest rates ease, by dropping its special Lombard rate from 12 to 10½ per cent, and it could make a further move early in the new year. The growth of its money stock aggregate is running close to the bottom of its 4-7 per cent target range and pressure on the D-Mark has been relieved since the autumn by a turnround in the current account.

Fears that this might show a greater deficit in 1981 than the previous year's figure of DM 29bn have been confounded by strong surpluses on the visible trade account. The current account is likely to produce a 1981 deficit not much above DM 20bn, falling to about half that in the current year.

A hardening in U.S. interest rates could force the Bundesbank to alter its stance and a continued recovery in the D-mark may tighten export margins. But it seems plausible to expect that corporate profits, and dividends will recover this year to something like 1980 levels.

If the recovery is sustained principally by easier interest rates, the German bond market may benefit from the upturn as much as equities. The persistence of a backward sloping yield curve and a DM 20bn increase in the public sector deficit kept interest in the debt markets lukewarm throughout 1981. However, the curve is now flattening (the yield gap between one year and ten year money is about 0.75 per cent) and the net financing requirement of the public sector is likely to show a modest fall in the current year.

However, the improvement in the current account suggests the Federal government will finance a smaller proportion of its deficit abroad, so the domestic markets will probably be absorbing about the same amount of paper as last year. It is also possible that, with unemployment rising through the 1.5m level, Bonn may succumb to pressure for a reflationary policy financed through the debt markets. But, with mortgage demand and capital spending likely to remain at a low ebb, the projected deficit is almost certainly within manageable proportions.

Currency play

Historically, foreigners have gained—and for much of last year lost—more on the movement of the German currency than on the equity market itself. Heavy net redemptions by mutual fund holders throughout 1981 testified to the growing disenchantment of the individual German shareholders with the dismal showing of the Frankfurt stock market. The steady weakening of the D-mark during the first three-quarters of 1981 encouraged a flight of capital to foreign markets, in particular the U.S. The Frankfurt market is becoming ever more sensitive to international capital flows, and it may take a rekindling of foreign interest in German equities for it to regain its lost momentum.

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